Welcome to the canton of Vaud!

The canton of Vaud is among those leading the way in terms of growth in Switzerland. An economic development strategy implemented over 15 years ago has borne fruit, with the canton now among the areas in Europe which saw their gross domestic product (GDP) increase by 40% in real terms between 2000 and 2015. A policy of diversification of the economic fabric combined with measures to support innovation mean that Vaud can now look to the future with serenity. The canton is in excellent financial health and has corporate tax policies that enable business leaders to plan for the long term, making it a very attractive place for foreign investors.

With its unparalleled scientific ecosystem, our canton welcomes both small and medium-sized businesses looking to extend their commercial activities abroad (to Europe, the Middle East, and Africa, for example) as well as multinationals seeking a location for their headquarters whilst benefiting from direct access to leading research and development competencies, and multicultural talents. The presence of a number of university institutes, including the EPFL (Swiss Federal Institute of Technology of Lausanne), provides a unique framework for fundamental and applied research to work in collaboration with industry.

The Economic Development Canton of Vaud (DEV) is an official partner of the Department of the Economy, Innovation and Sport of the canton of Vaud, and is available to provide tailored guidance to investors and companies from abroad for all of the steps required to set up business in the canton.

This guide will provide you with useful and detailed information on the framework conditions provided by Switzerland in general, as well as the specific advantages of the canton of Vaud.

Whatever your project, we will be delighted to welcome you to our offices to discuss matters and answer any questions you may have – and of course to convince you to establish your business in the canton of Vaud.

Jean-Frédéric Berthoud
Director, Economic Development Canton of Vaud (DEV)
Vaud Investment Promotion Agency

The DEV, formally known as the Economic Development Canton of Vaud, is a private association funded by the canton of Vaud and its members. Its mission is to facilitate and encourage foreign companies to register in the canton. As a one-stop shop, the DEV supports and accompanies foreign firms throughout all the stages of their implementation, including referrals to government agencies, the sharing of experiences among similar projects, support for acquiring land and premises, assistance in filing applications for work permits, and contacts with potential local partners. Its wide-ranging services all aim to guide businesses by facilitating exchanges with the administration and enabling them to benefit from its experience, knowledge, understanding of the terrain, and economic expertise.

In its promotion of foreign investments, the DEV is the canton of Vaud’s antenna for the Greater Geneva Berne area (GGBa), a network for the acquisition of companies in western Switzerland (the cantons of Berne, Fribourg, Vaud, Geneva, Neuchâtel, and Valais).
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YOUR BUSINESS LOCATION

Canton of Vaud is a competitive business location. There are numerous good reasons to locate a business in the region: innovation and technology, a liberal economic system, political stability, close links with national and foreign markets, excellent education and healthcare systems and an outstanding infrastructure.

- World’s best working conditions
- Switzerland’s most innovative region
- World’s highest purchasing power
- A unique tax rate of 13.79%
- Multilingual employees with significant international experience

- Leading industry clusters:
  - Life Sciences
  - Nutrition and Agri-food
  - Energy and Environment
  - Micro and Nanotechnologies
  - ICT

- 50 international sporting federations are located in Vaud’s region
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The canton of Vaud is proud to be a leading European hub in terms of technology and innovation. Vaud has the largest university campus in the country and research centers of global repute. Its research centers and technology parks attract large numbers of international specialists.
SWITZERLAND – YOUR BUSINESS LOCATION

WORLD CLASS UNIVERSITIES AND INSTITUTES

Switzerland is very much an international hub for innovation and this reputation is richly deserved, with its levels of expenditure in research and development activities among the highest around the globe (some 3.5% of GDP). Switzerland has featured at or near the top of international rankings for innovation. It maintains peak levels of global competitiveness according to the WEF index, and has done so since 2009.

The secret of Switzerland’s success lies in the synergies of the industry and academia. Close ties between universities and institutes of higher education and industry promote the transfer of knowledge and technologies. Another strong indicator of the quality of a country’s research is recognition of its national publications by researchers in other countries, and Switzerland has the highest percentage of papers cited worldwide.

The country also has the highest proportion of PhDs within the working-age population, thanks notably to the presence of numerous foreign graduates; indeed, a good quarter of students and 40% of researchers in Swiss universities come from other countries. This percentage even reaches 50% in the case of the Federal Institute of Technology Lausanne (EPFL), which, with over 120 nationalities on campus, claims to be Europe’s most cosmopolitan technical university.

VAUD’S LEADING INNOVATION

The canton of Vaud is at the forefront of Swiss innovation. Over time it has specialized in five central fields: life sciences such as pharma, biotech, neuroscience, and medtech which holds an unrivaled position in oncology/immunotherapy. These are the flagships of the digital health sector and the heart of Health Valley.

Digital technologies and their multiple applications, in particular the fields of cybersecurity, data science, robotics and drones produced a concentration of promising companies that pleased the canton of Vaud.

The region benefits from a heritage of international sports, with a veritable cluster established between the IOC and other international sporting federations present in the canton of Vaud. Within this culture lies a strong interaction between research institutes and innovative small and medium-sized businesses and startups in the sports sector.

Precision industries have emerged from the canton’s expertise in watch manufacture in the fields of miniaturization, micro and nanotechnologies applied to measurement instrumentation and robotics. Nutrition has a specific connection with the canton of Vaud as home of Nestlé. The multinational creates some collaborations between the industry and academic sector in the region as proves the research chair at the EPFL.
A QUALIFIED WORKFORCE
Switzerland provides the best international managers on the planet, while their motivation at the workplace is only second to the Danes, according to the World Competitiveness Yearbook published by the IMD. 88% of young people carry on their education after their obligatory schooling has finished, putting Switzerland at the head of all OECD countries. Swiss productivity is also among the highest in the world, with employees stating furthermore that they are very attached to their companies.

At the end of the compulsory part of their schooling, two out of three young Swiss people become apprentices. Their training period lasts from two to four years and includes a practical section in a business as well as a theory aspect in a vocational school. After this training, they receive a federal attestation of professional training or a federal certificate of aptitude. If they so desire, they can then earn a diploma of professional maturity corresponding to their sector, which gives them access to specialized institutes of higher education. These schools provide more practical training to bachelor’s or master’s level, and invest in research and development in collaboration with the écoles polytechniques fédérales and the universities.

HIGHER EDUCATION EXCELLENCE
The excellence of the École polytechnique fédérale in Lausanne is regularly illustrated in international rankings, and even more so by what it actually produces. It oversees the Human Brain Project, whose research involves leading scientists from over 100 European universities and research centers, while one of its spin-offs, called MindMaze, became the country’s first ever “unicorn” (a startup that has gone on to be worth at least a billion US dollars) in 2016. The EPFL also houses the Swiss center of competency for fundamental and applied research in robotics, the brand-new Trust Center for cybersecurity, and the Swiss Data Science Center run jointly with the ETH Zurich.

The UNIL meanwhile has seen a number of its researchers win the Nobel Prize, the most recent being Jacques Dubochet in December 2017 for his cutting-edge and highly promising chemistry research. The Institute for Management Development (IMD) in Lausanne regularly has its MBA programs ranked among the best in the world.
A UNIQUE MODEL IN THE WORLD

The concentration and unique density of the academic and research institutions, as well as the cross-disciplinary way in which they interact, provide an unparalleled pool of talents. With a solid education system and professional training that is virtually unique the world over, the canton of Vaud has a qualified, motivated and multilingual workforce. At the end of their compulsory education, young people can choose among sectors as diverse as construction, medicine and health, mechanics, IT, electrical and electronics, law, biology, commerce, or hospitality and catering.

They can then move on to higher institutes of education such as the University of Lausanne (UNIL), the École polytechnique fédérale de Lausanne (EPFL), the School of Management and Engineering Vaud (HEIG-VD), the École hôtelière de Lausanne (EHL), or the Lausanne School of Art and Design (ECAL), providing them with skills that will take them far beyond cantonal borders. The education system, combining theory and practice, means that the Vaud economy has well-educated professionals who are also ready for the job market.

SYNERGIES IN THE ACADEMIC SECTOR

The specialized institutes of higher education spread across the canton also make a contribution to its excellence in education. They include the School of Management and Engineering Vaud and the Joux Valley School of Technology, which teaches the age-old skill of watch manufacture. The density of research institutes in the canton and the region provides access to a pool of talents that is unparalleled in terms of the cross-disciplinary nature of the institutes and the skills they are home to.

Lastly, there is the Institut du Rosey, which is one of the most prestigious private schools in the world and which has been educating royalty from around the globe for over a century. There is also the Ecole Survil Montreux and the Institut Monte Rosa in Montreux, Collège Alpin Beau Soleil in Villars, the International School of Lausanne, GEMS World Academy in Etoy and the Collège Champittet in Pully, with around 60 private schools in total which provide an excellent education and offer advanced programs not only in English and German but also in Mandarin and Russian.
SECURITY AND TRUST

The reliability of the political framework makes setting up business in Vaud a smooth process. Public/private collaborations support economic development, while the authorities ensure effective networking between investors and entrepreneurs. Its geographic location at the heart of Europe further adds to the country’s appeal.
Stable Political System

FAVORABLE ENVIRONMENT FOR INVESTMENT
Switzerland is often seen as an oasis of calm, and rightly so, with the stability and security that characterize the country. Its army has not seen combat for 170 years. Politically, the Swiss model is based on consensus in order to satisfy a maximum of diverging opinions. Seven federal councilors from the main political parties of the country share executive power. They each take a turn at the presidency of the country, guaranteeing a productive continuity. Furthermore, Switzerland’s small size and its highly decentralized political system mean that it is important to know that the Council of State (the Government and ministers on a cantonal level) is highly accessible and always ready to listen to entrepreneurs. Each member of the Council of State, makes a point of being approachable to the business community in their respective department.

STRONG RELATIONS WITH EUROPE
Although it is not a member of the European Union, Switzerland has signed several agreements ensuring its total integration into the European market with its 520 million consumers. The currency – the Swiss franc (CHF) – is also a synonym for stability and has acquired safe-haven status. The labor market meanwhile is also known for its lack of volatility. Conflicts between unions and owners are generally settled around the negotiating table. Strikes are rare, and the last general strike was almost a century ago.

The State implements various measures to create an unruffled environment for businesses, most notably a complete protection system for intellectual property on a national and an international level. It also makes life easier for entrepreneurs, for example with its new drug approval procedure which is one of the quickest in the world. The authorities are also involved in the creation of digital safes designed to host companies’ sensitive data by converting former army bunkers into “data farms”.

A VERITABLE MICROCOSM OF SWISS ECONOMY

Economic prosperity is one of Switzerland’s calling cards. The GDP per capita stands at around 78,000 Swiss francs, while the unemployment rate is down at 3%. The pharmaceutical industry, banks, and food industry are the heavyweights of the country’s economy, but while multinationals such as Novartis, UBS, and Nestlé are ambassadors for Swiss prosperity, small and medium-sized businesses should not be overlooked – after all, they represent over 90% of the country’s companies and provide work for two employees out of every three.

The canton of Vaud is a veritable microcosm of Swiss economic prosperity, having seen the world No.1 in the food industry, Nestlé, emerge on the shores of Lake Geneva, as well as the likes of Bobst and Logitech. Then there are the many prestigious watch brands such as Audemars Piguet and Jaeger-LeCoultre, which despite being based in tiny villages, have gone on to conquer the world. The canton has managed to attract multinationals such as Merck, Medtronic, Ferring Pharmaceuticals, Edwards Lifesciences, Becton Dickinson, Nissan, Honeywell, Cisco, Sunstar and Chiquita which have set up not only their international or European headquarters in Vaud but also their research and development or production activities.

ENCOURAGING INNOVATIVE BUSINESSES

Some 36,000 businesses, the large majority of them small and medium-sized, drive the economy in Vaud. Most of them are active in services as well as leading industries such as life sciences (pharma, biotech, and medtech), measurement instrumentation, and digital technologies.

To respond to demand and further diversify the economic fabric, a number of technology parks and incubators dedicated to innovation, life sciences, aeronautics, and design have sprung up and are now to be found across the region. Their objective is to encourage innovative technologies, entrepreneurs, and talents from the prestigious research centers and universities in the canton, such as the École polytechnique fédérale de Lausanne (EPFL) and the School of Management and Engineering Vaud (HEIG-VD) in Yverdon, to name only two.
“Swiss Made”: Universally Acclaimed Expertise

A RELIABLE AND TRUSTWORTHY LABEL
Industry in Vaud can rely on expertise dating back over centuries which has created leading manufacturers of renowned “Swiss Made” goods. The reputation for the high standard of Swiss products has seen “Swiss Made” become a quality that businesses can rely on to develop their activities and high added-value products. Plenty of foreign companies (in particular certain emerging countries such as Russia and Turkey for example) choose Switzerland and the canton of Vaud to develop new ranges of products with high added value. This is the case in industry and medical technologies in particular, and also in the cosmetics sector.

The “Swissness” label was created to guarantee the Swiss quality of a product. To achieve certification, at least 80% of the weight of the constituent primary materials has to come from Switzerland for processed natural products like food. For industrial products, at least 60% of the cost price of the product needs to come from Switzerland; costs related to research and development can be taken into account in the calculation. For all products, the activity which gives the product its essential characteristics should take place in Switzerland (e.g. the transformation of milk into cheese).

VAUD’S HERITAGE SHINES IN INNOVATIVE BUSINESS
New industries based on this traditional expertise are emerging, such as the drone industry, which has been responsible for the creation of several hundred jobs in the canton of Vaud over the past three years. The ETVJ technical school in the Joux Valley, where watch manufacture first began in Vaud, trains future designers and constructors, watch manufacturers, and micro-mechanics whose skills will go on to be of benefit to companies in the region and beyond. Several other technical schools around the canton also pass on to apprentices the industrial skills that have made the country’s reputation what it is today.

Small and medium-sized industries such as Symbios (prosthetics), Elite (bedding), and Sylvac (measuring instruments) are three examples of small and medium-sized businesses with goods that characterize this Swiss quality and products with high added value destined for niche rather than mass markets. With a watch manufacturing tradition that stretches back over more than a century, the canton of Vaud has leading industrial expertise in precision work and miniaturization. While prestigious watch brands such as Audemars Piguet and Jaeger-LeCoultre are shining examples of the excellence of Vaud’s industry all around the world, the microtechnology skills of the canton are now being used throughout the entire spectrum of precision technologies, including micro-mechanics, micro-electronics, and micro-systems.
Attractive Tax Regime

A COMPETITIVE TAX SYSTEM AT THE INTERNATIONAL LEVEL

Switzerland offers attractive conditions for companies in terms of taxes. The overall tax rate, which measures the total amount of taxes and compulsory contributions for companies, represents around 30% of profits – which works out to one of the lowest levels in the world. Moreover, companies can have their tax levels reduced thanks to various incentive programs. The level of VAT is the lowest in Europe: 7.7%. The Swiss fiscal system is not only attractive for companies, with individuals also benefiting from a moderate tax burden by international comparison.

The taxation system in Switzerland reflects the federal structure of the country. Companies and individuals are taxed on a federal, cantonal, and municipal level. The Swiss Confederation levies a tax of 8.5% on earnings after taxes. The cantons and the municipalities meanwhile levy a tax on profits and on capital. Each canton sets its rates and social deductions - this leads to healthy competition between the cantons, ensuring a moderate level of taxation.

In the canton of Vaud, the tax rates on company profits vary for federal, cantonal, and municipal taxes between 20.75% and 23.6%, depending on the location where the company is established. From 2019, this rate will be reduced to 13.79%, including federal tax, for all companies in the canton. The capital tax rate is 0.1% and will go up to 0.6% from 2019, but it is deductible from the income tax.

MODERATE CORPORATE AND INDIVIDUAL TAX RATES

The canton also grants tax exemptions to make it easier for new companies to set up and develop their business. Substantial tax reductions are allowed for up to 10 years after the company has been founded. The scope of the measures that are granted depends in particular on the type of activity, the number of jobs created, the investments that are made, and the location of the chosen site.

As part of the application of the regional policy of the Swiss Confederation, reductions in federal tax can also be granted to industrial companies which benefit from a tax exemption on a cantonal level and which are established in certain municipalities, such as Aigle, Moudon, Rennaz, and Yverdon-les-Bains.
Authorities Readily Available to Assist Businesses

EASE AND SPEED OF SETTING UP A BUSINESS

Foreign entrepreneurs are welcome and can benefit from various forms of assistance, subject to certain conditions. In 2013, a third of new businesses were set up by foreign entrepreneurs. Thanks to the free trade and industry agreements, anyone may establish or invest in a business in Switzerland.

Setting up a business in the region is quick and easy for companies and individuals alike. In most cases, business-creation legalities take just two to four weeks and generally cost less than 5,000 Swiss francs. A business can be set up through an interactive procedure via an online portal. Registration with the commercial registry and legalities concerning signatories are handled by notaries. It is the mission of the offices for economic affairs of the various cantons to help new companies to become part of their ecosystem.

In the canton of Vaud, this role is carried out by Economic Development Canton of Vaud (DEV), a State-funded organization which provides support free of charge to new companies throughout the various steps as they look to establish themselves.

EASY IMPLEMENTATION

The Economic Development Canton of Vaud (DEV) has a large service offering to welcome foreign companies. The State-funded organization advises companies in drawing up a business plan adapted to local demands as well as making sure they choose the most appropriate legal form. The DEV provides targeted support for the evaluation of the economic landscape, the framework conditions, and the ecosystem that applies to each company. In addition, the DEV informs on the applicable fiscal conditions and financial aid that is available in the canton. It also offers personalized support for administrative processes like creating the company, tax exemption requests, applications for residence and work permits and looking for land or premises. Finally, the DEV gives entrepreneurs exclusive access to its network of experts and partners throughout the canton.
With its lakes and mountains, the canton of Vaud offers an unparalleled quality of life, allowing those who call it home to find the ideal work/life balance. The possibilities for tourism, culture and sports are exceptional.
RECREATION AND CULTURE IN ABUNDANCE

The canton of Vaud is one of the most attractive areas in the country. Visitors enjoy 2.5 million overnight stays here every year, which is 10% of the national total. In summer, in the space of one day it is possible to hike on an Alpine glacier in almost complete solitude, go swimming in the afternoon in Lake Geneva, then round off the day amongst the crowds at the prestigious Montreux Jazz Festival.

What Vaud has to offer in terms of culture never ceases to amaze. The Montreux Jazz Festival and the Paleo Festival are famous across Europe, while in dance, Ballet Béjart performances are sold out as often as not. The Collection de l'art brut, the Olympic museums, and the recently opened Aquatis Museum have put Lausanne on the map for global tourism. The canton also has many other attractions, including the terraced vineyards of Lavaux that are a UNESCO world heritage site, Chaplin’s World on the outskirts of Vevey, the Château de Chillon (which receives an incredible 28% of all tourist visits!) that was feted by the poet Byron, and the International Hot-Air Balloon Festival at Château d’Œx, to name but a few. The museums in the canton have some 1.4 million visitors a year.

IDEAL SPORTS AND LEISURE ENVIRONMENT

Sporting activities are just as plentiful, with the opportunity to go sailing, diving, or fishing, or do stand-up paddle on the various lakes in the canton. In the Jura mountains and the Alps, hiking, paragliding, mountain-biking, skiing, and caving are very popular. The Vaud countryside offers many unforgettable walking and cycling routes, while the vineyards have a multitude of rustic terraces and gastronomic restaurants, often in the most unexpected of locations.

The canton of Vaud also has a vast array of eateries and fine-dining establishments, with the best of the local territory and cuisines from around the world widely represented. The canton’s capital, Lausanne, has a young, outgoing vibe. It is a dynamic student city offering plenty of nightlife, with concerts, cinemas, music, bars, and open-air terraces when the weather is fine. Last but not least, the shopping possibilities in Lausanne and Geneva are seemingly endless, with a wide range of stores of every kind; in particular, big fashion chains and watch specialists.
An International Environment

AT THE CROSSROADS OF THE WORLD
For any company, setting up business in Switzerland is the equivalent of having almost unlimited access to the 520 million consumers of the European Union (EU), whilst still benefiting from the advantages that the Swiss system has to offer. Switzerland is geographically at the heart of Europe and benefits from an extremely high-performance public transport network as well as road infrastructure that is just as impressive. The canton of Vaud obviously benefits from this favorable situation, and its advantages have not escaped the attention of various multinationals such as Medtronic, Nissan, Chiquita, Sunstar, Honeywell, Starbucks Coffee, Nestlé, Logitech, Bobst, Cisco, Incyte, and Becton Dickinson, which have all set up their global, European or EMEA headquarters here. The image of these companies, much like that of the prestigious research and education institutions, attracts specialists of all nationalities.

The canton of Vaud has been investing significantly for a number of years in innovation and technologies. Startups of all varieties are able to flourish thanks to the density, variety, and cross-disciplinary nature of the research institutes. The EPFL in particular, which is in the top 20 universities in the world in several international rankings, plays a key role in this sector. Switzerland also features fourth among countries in the world with the highest number of universities in the top 100 places in the Shanghai ranking.

SYNERGIES BETWEEN SMES, STARTUPS AND COMPANIES
In terms of the companies themselves, there is great diversity with a combination of startups, small and medium-sized businesses and multinationals throughout the canton of Vaud. In terms of the quality of research and education, the Ludwig Institute, which specializes in cancer research, as well as the International Institute for Management Development (IMD) and the Ecole hôtelière de Lausanne (EHL) are world leaders in their respective fields. Lastly, cultural events and institutions such as the Montreux Jazz Festival and the Ballet Béjart, as well as international organizations such as the IOC and around 50 international sporting federations (which are the focal point for Think Sport – the cluster dedicated to sports and innovation) all add to the image of the region throughout the world.
SWITZERLAND – YOUR BUSINESS LOCATION

MOBILITY AND SECURITY AT THE HEART OF SWITZERLAND
With its location at the heart of Europe, its small size, and the performance levels of its infrastructure, Switzerland is close to everything and everywhere. Switzerland benefits from an extremely high-performance public transport network as well as road infrastructure that is just as impressive. 9,000 trains run each day on tracks covering 3,000 kilometers, making the Swiss the champions of rail. Punctuality is achieved in almost 90% of journeys. The three international airports connect the country with all four corners of the globe, while around 10% of imports come via the River Rhine, from the North Sea down to Basel. The road network in Switzerland is one of the densest in the world, while the postal service is renowned for its efficiency. Two international airports, in Geneva and Zurich, are linked to hundreds of European and international destinations.

EXCELLENT HEALTH AND ENERGY SECTORS
Energy supply is as reliable as it is diversified. The telecommunications network is one of the most developed on the planet, with 98% of the Swiss population having access to fourth generation mobile telephony. The health system meanwhile regularly occupies one of the top five spots in the Global Competitiveness Index.

In terms of health, the excellence of the Vaud University Hospital Center is renowned the world over, while the private clinics in the Lake Geneva region have long attracted patients from beyond the borders of Switzerland. Businesses are particularly well looked-after, since the canton operates a development policy of strategic economic sites spread across its entire territory, which offer premises that are approved, equipped with facilities, and easily accessible for companies looking to establish themselves there.
# SWITZERLAND – FACTS AND FIGURES

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Image
Federal Palace, Bern
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 that 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 communication and transportation hub between northern and southern Europe.

Six percent of Europe’s fresh water is stored in the Swiss Alps, which is why Switzerland is also known as the “reservoir of Europe.” Switzerland has numerous rivers and around 1,500 lakes, the two largest of which it shares with its neighbors: Lake Geneva (Lac Léman) is shared with France in the southwest and Lake Constance is shared with Germany and Austria in the northeast.

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 the 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 ° – 3 °C higher.
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. Healthcare, 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.

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 shaping the constitution and the law by means of referendum or initiative.

The legislative body at the 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 Councillors 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.

---

**The Swiss Political System**

(FIG. 2)

- **ELECTORATE**
  - Swiss citizens aged 18 or older

- **SUPREME COURTS**
  - Federal Supreme Court, Federal Criminal Court, and Federal Administrative Court

- **PARLIAMENT**
  - National Council (200 members) and Council of States (46 members)

- **FEDERAL COUNCIL (GOVERNMENT)**
  - Swiss citizens aged 18 or older

Source: Presence Switzerland
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.

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

**Political Stability, 2017**

Political direction: stable = 10, unstable = 0

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<th>Rank</th>
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<td>Switzerland</td>
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<td>4</td>
<td>New Zealand</td>
<td>9.10</td>
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<tr>
<td>49</td>
<td>Italy</td>
<td>3.94</td>
</tr>
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</table>

Source: IMD World Competitiveness Center 2017
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 2015: 23.2%).

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 33.8% (2016). 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 surplus ratio was 0.6% of the nominal gross domestic product at the end of 2015.

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.

1.6 POPULATION
The permanent resident population of Switzerland is around 8.4 million. The proportion of those aged between 20 and 39 is 26.7%, with 18.1% aged 65 and over, and 20.1% aged under 20. Life expectancy is one of the highest in the world: 91.5 years for men and 85.3 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.
25% of the population is of foreign nationality (as of 2016). 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 KOF Globalization Index of ETH Zurich places Switzerland as the second most cosmopolitan economy (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, 2015

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Source: KOF Globalization Index 2018
### International Organizations and Major Non-Governmental Organizations Based in Switzerland

*(FIG. 5)*

#### TRADE AND COMMERCE

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#### EDUCATION AND RESEARCH

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#### SOCIETY AND CULTURE

<table>
<thead>
<tr>
<th>Organization</th>
<th>Headquarters</th>
<th>Website</th>
</tr>
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<tbody>
<tr>
<td>IBE/UNESCO</td>
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#### SPORTS

<table>
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<tbody>
<tr>
<td>FIFA</td>
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<td>Thun</td>
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<td>Aigle</td>
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<td>Nyon</td>
<td><a href="http://www.uefa.com">www.uefa.com</a></td>
</tr>
<tr>
<td>WADA</td>
<td>Lausanne</td>
<td><a href="http://www.wada-ama.org">www.wada-ama.org</a></td>
</tr>
</tbody>
</table>

Source: Federal Department of Foreign Affairs (EDA), own research
## Switzerland in Figures, 2017

### GENERAL
- **Currency**: Swiss franc
- **Time zone**: CET = UTC + 1
- **International country code**: +41
- **National Day**: August 1st

### ECONOMY
- **Gross domestic product (nominal) in billions of CHF**: 650.1
- **Per-capita national income (in CHF)**: 59,708
- **GDP growth (real)**: 1.3%
- **Inflation rate**: 0.5%
- **Unemployment rate**: 3.4%
- **Imports (goods and services, in billion CHF)**: 173.2
- **Exports (goods and services, in billion CHF)**: 210.7
- **Deficit/surplus rate (in % of GDP)**: 0.6
- **National debt ratio (in % of GDP)**: 33.3
- **Fiscal quota (in % of GDP)**: 27.8

### Direct investments (millions CHF)
- **Direct investment abroad**: 1,120,843
- **Direct investment in Switzerland**: 833,193
- **Capital exports to other countries**: 100,100
- **Capital imports into Switzerland**: 67,750

### POPULATION
- **Permanent population (in thousands)**: 8,419.6
- **Population density (per km²)**: 204
- **Age groups (in %)**
  - 0 – 19 years old: 20.1
  - 20 – 39 years old: 26.7
  - 40 – 64 years old: 35.1
  - 65 – 79 years old: 13.0
  - 80 and older: 5.1
- **Proportion of foreign nationals**: 25.0
- **Average number of children per woman**: 1.5

### Life expectancy at birth (years)
- **Men**: 81.5
- **Women**: 85.3

### Religion
- **Roman Catholic**: 37.3%
- **Protestant**: 24.9%
- **Other**: 13.9%

### Languages
- **German**: 64.1%
- **French**: 22.7%
- **Italian**: 8.4%
- **Romansh**: 0.6%

### GEOGRAPHY
- **Surface area in km²**: 41,285
- **Border (km)**: 1,881
- **Number of lakes**: 1,484
- **Highest mountain (m): Dufourspitze, Valais**: 4,634
- **Largest glacier: Aletsch, Wallis**: 117 km² / 24 km
- **Largest lake (in km²): Lake Geneva**: 582
- **Second largest lake (in km²): Lake Constance**: 539
- **Capital: Bern**

### Largest metropolitan areas (inhabitants in thousands)
- **Zurich**: 1,334.3
- **Geneva**: 579.2
- **Basel**: 410.9
- **Bern**: 409.3
- **Lausanne**: 409.3

### POLITICS
- **Form of government**: Parliamentary federal state since 1848, direct democracy
- **Cantons**: 26
  - (20 full cantons, 6 half-cantons)
- **Municipalities**: 2,240

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

2.1 Gross Domestic Product and Industry Structure .......... 33
2.2 International Integration .............................................. 36
2.3 Key Industry Clusters .................................................... 38
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, 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 second largest in the world (see Fig. 7). The per capita GDP was far above the EU average in 2017. 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 53.8% of exports and 71.8% 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 the country’s value creation. They employ 1.3 million people, with the result that one in three jobs is at 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), 2017
in thousands of US dollars

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>GDP per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Luxembourg</td>
<td>108</td>
</tr>
<tr>
<td>2</td>
<td>Switzerland</td>
<td>81</td>
</tr>
<tr>
<td>3</td>
<td>Macau SAR</td>
<td>80</td>
</tr>
<tr>
<td>4</td>
<td>Norway</td>
<td>74</td>
</tr>
<tr>
<td>5</td>
<td>Iceland</td>
<td>73</td>
</tr>
<tr>
<td>6</td>
<td>Ireland</td>
<td>69</td>
</tr>
<tr>
<td>7</td>
<td>Qatar</td>
<td>61</td>
</tr>
<tr>
<td>8</td>
<td>USA</td>
<td>60</td>
</tr>
<tr>
<td>9</td>
<td>Denmark</td>
<td>56</td>
</tr>
<tr>
<td>11</td>
<td>Singapore</td>
<td>54</td>
</tr>
<tr>
<td>13</td>
<td>The Netherlands</td>
<td>48</td>
</tr>
<tr>
<td>17</td>
<td>Hong Kong</td>
<td>45</td>
</tr>
<tr>
<td>18</td>
<td>Canada</td>
<td>45</td>
</tr>
<tr>
<td>19</td>
<td>Germany</td>
<td>44</td>
</tr>
<tr>
<td>23</td>
<td>France</td>
<td>40</td>
</tr>
<tr>
<td>24</td>
<td>United Kingdom</td>
<td>39</td>
</tr>
<tr>
<td>25</td>
<td>Japan</td>
<td>39</td>
</tr>
<tr>
<td>27</td>
<td>Italy</td>
<td>32</td>
</tr>
<tr>
<td>68</td>
<td>Russia</td>
<td>10</td>
</tr>
<tr>
<td>69</td>
<td>Brazil</td>
<td>10</td>
</tr>
<tr>
<td>76</td>
<td>China</td>
<td>9</td>
</tr>
</tbody>
</table>

Source: IMF Online, 2017
More than 75% of people employed in Switzerland work in the service sector. The industrial sector accounts for nearly 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.

In international competitiveness indexes, Switzerland has occupied one of the top spots for many years. In 2017, it took first place in the World Economic Forum (WEF) ranking for the ninth consecutive year (see Fig. 9). Switzerland scored highest for innovativeness, a strong education system, and a flexible labor market.

### Industry Structure and Shares of Workforce, 2017

(FIG. 8)

<table>
<thead>
<tr>
<th>INDUSTRY</th>
<th>WORKFORCE (3RD QUARTER 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total (not including agriculture and forestry)</td>
<td>4,917.00</td>
</tr>
<tr>
<td></td>
<td>in 1,000 in %</td>
</tr>
<tr>
<td><strong>Sector II Total</strong></td>
<td></td>
</tr>
<tr>
<td>Mining and mineral extraction</td>
<td>4.9 0.10%</td>
</tr>
<tr>
<td>Processing and manufacturing</td>
<td>678.4 13.80%</td>
</tr>
<tr>
<td>Energy</td>
<td>29.3 0.60%</td>
</tr>
<tr>
<td>Water supply and purification</td>
<td>18.8 0.38%</td>
</tr>
<tr>
<td>Construction</td>
<td>343.4 6.98%</td>
</tr>
<tr>
<td><strong>Sector III Total</strong></td>
<td>3,839.9 78.09%</td>
</tr>
<tr>
<td>Vehicle trading, maintenance, and repair</td>
<td>649.8 13.22%</td>
</tr>
<tr>
<td>Transport and warehousing</td>
<td>240.5 4.89%</td>
</tr>
<tr>
<td>Hospitality</td>
<td>250.6 5.10%</td>
</tr>
<tr>
<td>Information and communication</td>
<td>160.4 3.26%</td>
</tr>
<tr>
<td>Financial and insurance services</td>
<td>242.3 4.93%</td>
</tr>
<tr>
<td>Real estate and housing</td>
<td>60.6 1.23%</td>
</tr>
<tr>
<td>Professional, scientific, and technical occupations</td>
<td>408.9 8.32%</td>
</tr>
<tr>
<td>Other economic services</td>
<td>332.3 6.76%</td>
</tr>
<tr>
<td>Public administration</td>
<td>201.1 4.09%</td>
</tr>
<tr>
<td>Education</td>
<td>342.7 6.97%</td>
</tr>
<tr>
<td>Healthcare and social services</td>
<td>702.1 14.28%</td>
</tr>
<tr>
<td>Arts, entertainment and leisure</td>
<td>97.5 1.98%</td>
</tr>
<tr>
<td>Other services</td>
<td>152.0 3.09%</td>
</tr>
</tbody>
</table>

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

### International Competitiveness Ranking, 2017

(FIG. 9)

<table>
<thead>
<tr>
<th>Country</th>
<th>Overall score from 1 to 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>5.86</td>
</tr>
<tr>
<td>USA</td>
<td>5.85</td>
</tr>
<tr>
<td>Singapore</td>
<td>5.71</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>5.66</td>
</tr>
<tr>
<td>Germany</td>
<td>5.65</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>5.53</td>
</tr>
<tr>
<td>Sweden</td>
<td>5.52</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>5.51</td>
</tr>
<tr>
<td>Japan</td>
<td>5.49</td>
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<tr>
<td>Finland</td>
<td>5.49</td>
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<td>Austria</td>
<td>5.25</td>
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<td>5.23</td>
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<td>Belgium</td>
<td>5.23</td>
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<td>France</td>
<td>5.18</td>
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<td>Ireland</td>
<td>5.16</td>
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<td>China</td>
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<tr>
<td>Russia</td>
<td>4.64</td>
</tr>
<tr>
<td>India</td>
<td>4.59</td>
</tr>
<tr>
<td>Italy</td>
<td>4.54</td>
</tr>
</tbody>
</table>

Switzerland is also one of the world’s leading innovators. In 2017, it was ranked as the world’s most innovative country for the seventh consecutive year, leading the Global Innovation Index (see Fig. 10).

Global Innovation Index, 2017
Overall score from 0 to 100
(FIG. 10)

<table>
<thead>
<tr>
<th></th>
<th>Country</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Switzerland</td>
<td>67.7</td>
</tr>
<tr>
<td>2</td>
<td>Sweden</td>
<td>63.8</td>
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<td>USA</td>
<td>61.4</td>
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<td>United Kingdom</td>
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<tr>
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<td>Denmark</td>
<td>58.7</td>
</tr>
<tr>
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<td>Singapore</td>
<td>58.7</td>
</tr>
<tr>
<td>8</td>
<td>Finland</td>
<td>58.5</td>
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<tr>
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<td>Germany</td>
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<td>12</td>
<td>Luxembourg</td>
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<td>14</td>
<td>Japan</td>
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<td>16</td>
<td>Hong Kong</td>
<td>53.9</td>
</tr>
<tr>
<td>18</td>
<td>Canada</td>
<td>53.7</td>
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<td>22</td>
<td>China</td>
<td>52.5</td>
</tr>
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<td>29</td>
<td>Italy</td>
<td>47.0</td>
</tr>
<tr>
<td>45</td>
<td>Russia</td>
<td>38.8</td>
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<td>60</td>
<td>India</td>
<td>35.5</td>
</tr>
<tr>
<td>69</td>
<td>Brazil</td>
<td>33.1</td>
</tr>
</tbody>
</table>

Source: INSEAD, The Global Innovation Index 2017

“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 have often been their key markets since the advent of industrial production. Due to this necessity to open the country to the outside, Switzerland is an important player in world trade. Exports make up around 33% of the gross domestic product. As a result, Switzerland has taken a leading role among the important exporters in world trade, with regard to both goods and services.

2.2.1 Goods and Services Trade

Europe is by far Switzerland's most important trade partner (2016). Around 70% of all imports and over 50% 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 China.

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. At the end of 2015, foreign direct investments amounted to 833 billion Swiss francs."
2.2.2 Direct Investments

Switzerland’s exposure to global markets is among the strongest of any country. At the end of 2015, direct investments abroad totaled 1,121 billion Swiss francs. 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 an important direct investor in the USA as well; in 2015, 18.3% of all Swiss direct investments were made in the USA, a total of 205,117 million Swiss francs.

Switzerland is also an attractive location for foreign investors, in particular from the EU (79.3% or 660,502 million Swiss francs) and the USA. The capital stock of U.S.-American investors in Switzerland is 11.7% or 97,814 million Swiss francs.

### Direct Investments Capital Stock, 2015

(FIG. 12)

<table>
<thead>
<tr>
<th>CAPITAL STOCK AT YEAR END, 2015</th>
<th>SWISS DIRECT INVESTMENTS ABROAD</th>
<th>FOREIGN DIRECT INVESTMENTS IN SWITZERLAND</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF (millions)</td>
<td>in %</td>
</tr>
<tr>
<td>Total</td>
<td>1,120,843</td>
<td>100.0%</td>
</tr>
<tr>
<td>EU</td>
<td>544,939</td>
<td>48.6%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>50,930</td>
<td>4.5%</td>
</tr>
<tr>
<td>Germany</td>
<td>38,192</td>
<td>3.4%</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>121,944</td>
<td>10.9%</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>137,772</td>
<td>12.3%</td>
</tr>
<tr>
<td>France</td>
<td>47,144</td>
<td>4.2%</td>
</tr>
<tr>
<td>Italy</td>
<td>15,558</td>
<td>1.4%</td>
</tr>
<tr>
<td>Spain</td>
<td>8,469</td>
<td>0.8%</td>
</tr>
<tr>
<td>Austria</td>
<td>6,787</td>
<td>0.6%</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>33,589</td>
<td>3.0%</td>
</tr>
<tr>
<td>Offshore financial centers</td>
<td>19,196</td>
<td>1.7%</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>9,328</td>
<td>0.8%</td>
</tr>
<tr>
<td>North America</td>
<td>246,629</td>
<td>22.0%</td>
</tr>
<tr>
<td>USA</td>
<td>205,117</td>
<td>18.3%</td>
</tr>
<tr>
<td>Canada</td>
<td>41,512</td>
<td>3.7%</td>
</tr>
<tr>
<td>Central and South America</td>
<td>150,246</td>
<td>13.4%</td>
</tr>
<tr>
<td>Brazil</td>
<td>9,265</td>
<td>0.8%</td>
</tr>
<tr>
<td>Offshore financial centers</td>
<td>123,593</td>
<td>11.0%</td>
</tr>
<tr>
<td>Asia, Africa + Oceania</td>
<td>145,440</td>
<td>13.0%</td>
</tr>
<tr>
<td>Japan</td>
<td>9,379</td>
<td>0.8%</td>
</tr>
<tr>
<td>Singapore</td>
<td>17,627</td>
<td>1.6%</td>
</tr>
<tr>
<td>China</td>
<td>20,020</td>
<td>1.8%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>6,894</td>
<td>0.6%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>1,802</td>
<td>0.2%</td>
</tr>
<tr>
<td>India</td>
<td>4,779</td>
<td>0.4%</td>
</tr>
<tr>
<td>Australia</td>
<td>17,173</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

Source: Swiss National Bank (SNB), 2017
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 that also attracts suppliers and specialized service providers, while generating 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 that 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 around 40% of goods exports. Companies in the Swiss chemical-pharmaceutical industry have a leading worldwide position in many market sectors and employ around 44,200 people. The industry represents 4% of the gross domestic product. 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. In 2017, the sector had a staff of over 15,300. 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 1,350 companies, including approximately 300 manufacturers, 480 suppliers, over 220 distribution and sales companies, and 350 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 2016 amounted to around 14.1 billion Swiss francs. Investment in research and development, growth rates, and profitability are all above average. In total, around 54,500 people are employed in medical technology. This corresponds to 1% of the working population – more than any other country (Germany: 0.4%, UK/EU/USA: 0.2%). The largest employer is Synthes, with the diagnostics division of Roche and Johnson & Johnson Medical following just behind it. Other global Swiss companies are Ypsomed, Sonova (hearing aids), and Straumann (dental implants). Some major foreign corporations worth mentioning are Zimmer Biomet, Medtronic, B. Braun, and Stryker.

www.s-ge.com/invest-lifosciences
Facts and figures on Switzerland as a life sciences location
Languages: German, English, French, Italian, Spanish, Portuguese, Russian, Chinese, Japanese

www.s-ge.com/invest-pharma
Facts and figures on Switzerland as a pharma location
Languages: German, English, French, Italian, Spanish, Portuguese, Russian, Chinese, Japanese

www.s-ge.com/biotech
Facts and figures on Switzerland as a biotech location
Languages: German, English, French, Italian, Spanish, Portuguese, Russian, Chinese, Japanese

www.s-ge.com/medtech
Facts and figures on Switzerland as a medical technology 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.swiss-medtech.ch
Swiss medical technology association
Languages: German, English, 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 320,000 employees. In 2016, the MEM industry’s share of value creation amounted to about 7.4%.

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 35% 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, as well as 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 to 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 700 companies employ 59,000 people (as of 2017). 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 19.4 billion Swiss francs in 2016.

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.

2.3.3 Information and Communication 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 over 50% of inhabitants having a fixed-line high-speed Internet connection (see Fig. 47, Section 11.2). More than 85% of over-14s use the Internet. The World Economic Forum “Networked Readiness Index 2016” placed Switzerland in seventh place behind Singapore, Finland, Sweden, Norway, the USA, and the Netherlands. With 210,800 working in the field of information and communication technology (ICT), the ICT field is the sixth largest area in Switzerland (2015).

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-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 (MEM)
Languages: German, English, French, Italian

www.fsh.ch
Federation of the Swiss Watch Industry (FH)
Languages: English, French, Chinese, Japanese

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 association of the Swiss ICT industry
Languages: German, English

www.digitalswitzerland.com
National initiative for making Switzerland a leading digital innovation hub
Language: English
2.3.4 Cleantech

Cleantech comprises technologies, processes, and goods and services that 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, 5.5% 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, Spanish, Portuguese, Russian, Chinese, Japanese

cube.s-ge.com
Official database of Swiss cleantech companies
Language: English

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 Mondelez 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.
### 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 260 banks, 200 insurance companies, and 1,800 pension funds. The majority of the financial institutions are located in Zurich, Geneva, Basel, and Lugano. In 2016, direct value creation by banks and insurance companies amounted to around 60 billion Swiss francs, with banks and insurance companies each contributing 30 billion Swiss francs. This corresponds to about 9.4% of the entire Swiss gross domestic product. Nearly 214,000 employees work in the financial sector (full-time equivalent), which is about 5.6% of the entire working population in Switzerland. Around 144,000 of these employees work at banks, while roughly 70,000 work in the insurance industry. 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. Innovativeness, professionalism, and quality set Swiss banks apart. Their core competency is asset management. With a fourth of the world's global cross-border investments, Switzerland is the market leader in cross-border private banking. In addition to the two major globally active banks, UBS and Credit Suisse, there are numerous regional and specialized institutions. This diversity is one of Switzerland's major strengths as a banking center, because it guarantees that every customer will find the right Swiss bank for every need.

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.

### 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 first in the world and first in Europe in sugar trading. 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, and 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 (2017), there are four commodities companies in the top five: Glencore International (1), Vitol (2), Cargill International (3), and Trafigura (4).

[Links and facts for commodities trading and shipping and navigation]

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

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**Swiss Bankers Association**
Languages: German, English, French

**Swiss Insurance Association**
Languages: German, English, French

**Swiss federation for commodities trading and shipping and navigation**
Languages: German, English, French, Italian

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

**Lugano Commodity Trading Association**
Languages: English, Italian, Russian

**Zug Commodity Association (ZCA)**
Language: English
ECONOMIC FRAMEWORK

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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 from 0 to 10  
(FIG. 13)

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

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 that it 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.

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 carried over.

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 7.7%, 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).
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 a free trade agreement exists. If, for example, goods are imported in this way from a country outside the EU/EFTA area and processed 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.

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.

“According to the World Intellectual Property Organization, Switzerland has the highest number of patent applications per resident.”
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 the 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.

3.3.1 Patents

Switzerland is one of the world’s most active countries in terms of patent applications. In 2016, it ranked sixth in the world and came in fourth place in Europe with 7,293 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 patents. 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.

Some examples of things that cannot be patented are ideas, lottery or accounting systems, as well as therapeutic, diagnostic, or surgical procedures on humans or animals and plant species. Furthermore, inventions that 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 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 200 Swiss francs for the application and 500 Swiss francs 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.

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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.swissreg.ch
Database of the Swiss Federal Institute of Intellectual Property
Languages: German, English, French, Italian

www.wipo.int
World Intellectual Property Organization (WIPO)
Languages: English, French, Spanish, Chinese, Russian, Arabic
### Property Rights at a Glance

(FIG. 14)

#### BRAND PROTECTION | PATENT PROTECTION | PROTECTION OF DESIGNS | COPYRIGHT
--- | --- | --- | ---
**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**
- Does not infringe older third-party rights
- Distinctive
- Non-descriptive
- Does not violate public policy or morality
- Novelty
- Industrial applicability
- Non-obviousness
- Disclosure of invention
- Novelty
- Overall visual appearance must be significantly different from existing designs
- Does not violate public policy or morality

**Not available for**
- Simple symbols
- Acronyms
- Factual statements or descriptions
- Emblems
- and others
- Animal species, plant varieties
- Diagnostic, therapeutic, or surgical procedures on humans or animals
- Use does not violate public policy or morality
- Certain biotech inventions
- Exclusively technical functions
- Ideas, concepts
- Anything that violates federal law (e.g. emblem law) or treaties

**Excluded from protection**
- When brand is not used as a trademark
- Private use, research, and teaching
- None
- Private use, quotations, backup copies, reporting

**Scope of protection**
- Defined by the brand 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**
- ® for registered trademark
- TM for trademark
- Use is optional
- Misuse is punishable
- +pat+, pat. pend. (patent applied for)
- Use is optional
- Misuse is punishable
- 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)**
- CHF 550
- CHF 200 (registration)
- CHF 500 (optional research)
- CHF 500 (review)
- CHF 200 (base fee) including publication of an image
- None

**Extension (CH)**
- CHF 700 (10 years)
- CHF 100 for the 4th year, after which the fee increases by CHF 50 each year (CHF 150 for the fifth year, etc.)
- CHF 200 (5 years)
- None

**Special features**
- Switzerland does not check to see whether older property rights are violated (market research recommended)
- Novelty and non-obviousness are not checked in Switzerland (patent research recommended)
- Publication can be postponed for 30 months.
- Novelty is not checked in Switzerland
- Collecting societies: SUISA, SUISSIMAGE, ProLitteris, SSA, SWISSPERFORM

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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.

Last updated: September 2017. 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 550 Swiss francs (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.

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.

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 great number 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 the 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 Européenne]).

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 in 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 > Work > Product safety
Product safety regulations
Languages: German, French, Italian

www.seco.admin.ch > Foreign Trade and Economic Cooperation
Technical trade barriers
Languages: German, English, French

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

www.sas.admin.ch
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
Information from the Swiss Federal Office of Public Health (FOPH)
Languages: German, English, French, Italian
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 70,000 Swiss francs (105,000 Swiss francs 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.

“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

4.1 Trade and Direct Investments .......................................... 53
4.2 Political and Economic Cooperation ............................... 53
4.3 The Euro ............................................................................ 57
Culturally and geographically, Switzerland is situated in 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 deep-rooted political partnerships 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 56% of Swiss exports and with a share of 73% of Swiss imports (as per 2016), the EU is by far Switzerland’s most important trading partner. In 2016, Switzerland was not only the third most important destination for goods exported from the EU (8.2% of all exports), but also its third largest supplier (7.1% of all imports), surpassed only by the USA and China in both cases. At the end of 2015, Swiss direct investments in the EU totaled 545 billion Swiss francs. That represents a share of almost 50% of all direct Swiss investments abroad.

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

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
The agreement specifies transition periods. During these periods the entry 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). Once transitional provisions expire, the agreement also allows (based on a safeguard clause) for the number of residence permits to be limited again for a period of time, if the immigration levels are above average. The transition regulations guarantee a gradual and controlled opening of the labor markets, and the accompanying measures against 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 the free movement of persons. Since May 1, 2011, EU-8 citizens have also benefited from unrestricted free movement of persons as have citizens of Bulgaria and Romania (EU-2) since June 1, 2016. On May 10, 2017, the Federal Council invoked the safety valve clause with regard to working citizens of EU-2 states. The result of this decision was that the quota for EU/EFTA residence permits B was reinstated from June 1, 2017 to May 31, 2018. This affects EU-2 citizens who are self-employed or want to fill a position with a multi-year or open-ended employment contract in Switzerland.
- Croatia entered the European Union on July 1, 2013. The expansion of the FZA to include Croatia was negotiated in Protocol 3. During the first stage of expansion, special transitional provisions apply with regard to labor market restrictions and quotas.

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

Information about the Mass Immigration Initiative
On February 9, 2014, the Swiss electorate accepted the popular initiative “Against mass immigration.” The new constitutional text obliges the Federal Council and parliament to introduce a new permit system within three years that limits the number of migrants by means of maximum levels and quotas. It also calls for the FZA to be renegotiated.

After the results of the Brexit referendum in June 2016 made it clear that an agreement to revise the FZA could not be reached with the EU, the parliament decided on December 16, 2016 in favor of a legal regulation that could be implemented in a manner compatible with the FZA. The legislative amendments aimed especially at making better use of the potential of the domestic workforce. The obligation to report job openings is designed to help job seekers who are registered with the public employment service in Switzerland. Another goal is to ensure that recognized refugees and temporarily admitted individuals receiving social assistance are better integrated into the labor market.

The Federal Council enacted the required implementation provisions on December 8, 2017. The measures take effect on July 1, 2018.
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 external Schengen 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. This also eliminates double inspections according to Swiss and EU requirements. 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
There is a long tradition of cooperation between Switzerland and the European Union in the areas of research and innovation. Researchers in Switzerland have participated in EU research framework programs since 1988, with Switzerland in the status of either a non-member country or an associated partner. In the latest generation of programs, “Horizon 2020,” Switzerland was considered a partially associated country until the end of 2016. National measures for financing Swiss participation in projects came into effect for areas of Horizon 2020 that Switzerland is not associated with. As of the beginning of 2017, Switzerland has been fully associated with Horizon 2020.

4.2.5 Rail, Road, and Air Transport
The Overland Transport Agreement regulates the mutual opening up of the market for the transport of persons and goods by road and rail, together with fee systems based on the cost-by-cause principle. 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.
In accordance with WTO regulations, the public sector and affected companies are obliged to issue and carry out tenders for procurement and orders that exceed a certain threshold level. In principle the most economical or best-value offer must be chosen, as long as the offered goods or services are of comparable quality. However, the selection may also be based on the lead times, quality of service, or environmental 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 firms). Furthermore, the increased competition among providers leads to reduced prices and thus considerable savings for the public bodies that issue the contracts.

4.2.6 Public Procurement in Switzerland

In accordance with the multilateral agreement on public procurement (GPA) 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 telecommunications 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)
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, or 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 > International taxation > Taxation of savings agreement
Current information on 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.
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5.4 Establishing a Company ............................................... 64
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 type of limited liability company referred to as GmbH & Co. KG, a legal form 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

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 100,000 Swiss francs. In order to found a stock corporation, at least 50,000 Swiss francs must be deposited and the stock capital must be increased to at least 100,000 Swiss francs by 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 compensation in Switzerland for a member of 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 100 Swiss francs. The nominal capital must total at least 20,000 Swiss francs and must be deposited in full. 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 sign contracts on its own behalf, perform transactions, and also appear in court at its place of business as a plaintiff and a 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)*

<table>
<thead>
<tr>
<th></th>
<th>SOLE PROPRIETORSHIP</th>
<th>GENERAL PARTNERSHIP</th>
<th>STOCK CORPORATION (AG)</th>
<th>LIMITED LIABILITY COMPANY</th>
<th>BRANCH OFFICE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Establishment/formation requirements</strong></td>
<td>Commencement of independent economic activity with the aim of ongoing profit</td>
<td>Signing of a partnership agreement (no particular form). If business activity has yet to be conducted, the company comes into being when it is entered in the commercial register</td>
<td>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</td>
<td>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</td>
<td>Entry in commercial register</td>
</tr>
<tr>
<td><strong>Purpose</strong></td>
<td>Small business, personal activity (e.g. artist)</td>
<td>Smaller, ongoing, mainly personal businesses</td>
<td>Suitable for almost all types of profit-oriented business</td>
<td>Smaller, mainly personal businesses</td>
<td>Operation that is legally part of a larger company but has a certain amount of economic autonomy</td>
</tr>
</tbody>
</table>
| **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 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  |
- No requirements  
### GENERAL PARTNERSHIP  |
- No requirements  
### STOCK CORPORATION (AG)  |
- Minimum of 100,000 Swiss francs, minimum deposit of 50,000 Swiss francs.  
### LIMITED LIABILITY COMPANY  |
- Minimum of 20,000 Swiss francs, deposited in full  
### BRANCH OFFICE  |
- No capital required (endowment capital of foreign parent company is sufficient)

<table>
<thead>
<tr>
<th><strong>Minimum capital</strong></th>
<th><strong>Costs of consulting, establishment, notary</strong></th>
<th><strong>Advantages</strong></th>
<th><strong>Disadvantages</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- No requirements</td>
<td>- 700 – 1,200 Swiss francs</td>
<td>- Simple and low-cost formation process</td>
<td>- Unlimited liability of proprietor/partners</td>
</tr>
<tr>
<td>- No requirements</td>
<td>- 2,400 – 4,400 Swiss francs</td>
<td>- Few formal requirements</td>
<td>- Ownership interests difficult to transfer</td>
</tr>
<tr>
<td>- Minimum of 100,000 Swiss francs, minimum deposit of 50,000 Swiss francs.</td>
<td>- from 1,900 Swiss francs (electronic)</td>
<td>- Proprietor/partners can perform roles of corporate bodies</td>
<td>- Lack of anonymity, proprietor/partners must be listed by name in the commercial register</td>
</tr>
<tr>
<td>- Minimum of 20,000 Swiss francs, deposited in full</td>
<td>- from 7,000 Swiss francs (traditional) (see 5.4.3)</td>
<td>- Double taxation of profit is avoided (only the proprietor’s/partners’ income is taxed because the company is not a legal entity)</td>
<td>- More difficult access to the capital market</td>
</tr>
<tr>
<td>- No capital required (endowment capital of foreign parent company is sufficient)</td>
<td>- from 1,800 Swiss francs (electronic)</td>
<td>- Suitable for very small businesses</td>
<td>- Social insurance obligation</td>
</tr>
<tr>
<td>- No capital required (endowment capital of foreign parent company is sufficient)</td>
<td>- from 7,000 Swiss francs (traditional)</td>
<td>- Limited liability and risk capital</td>
<td>- In some cases, double tax burden (taxation of company profit and dividends)</td>
</tr>
</tbody>
</table>

- Partner anonymity (no disclosure obligation)  
- Unlimited share capital  
- Limited representation rights  
- Foreigners can own all shares/nominal shares (but at least one person who can handle all legal business must reside in Switzerland)  
- Easy access to the capital market  
- Suitable for businesses with more capital  
- Swiss character of company  
- Lower minimum capital  
- Foreign parent company shares liability for branch office  
- Changing to a subsidiary later difficult from a tax point of view  
- Lacks Swiss character  
- Amount of share capital  
- No shareholder anonymity

#### Costs of consulting, establishment, notary
- 700 – 1,200 Swiss francs  
- 2,400 – 4,400 Swiss francs  
- from 1,900 Swiss francs (electronic)  
- from 7,000 Swiss francs (traditional) (see 5.4.3)

#### Advantages
- 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  
- Limited liability and risk capital  
- Easier transferability of shares  
- Regulated representation rights  
- Foreigners can own all shares/nominal shares (but at least one person who can handle all legal business must reside in Switzerland)  
- Easy access to the capital market  
- Suitable for businesses with more capital  
- Swiss character of company

#### Disadvantages
- 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  
- In some cases, double tax burden (taxation of company profit and dividends)  
- More complex and expensive formation process, professional advice recommended  
- Foreign parent company shares liability for branch office  
- Changing to a subsidiary later difficult from a tax point of view  
- Lacks Swiss character  
- 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 10 million Swiss francs,
- Annual sales of 20 million Swiss francs,
- 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 20 million Swiss francs,
- Annual sales of 40 million Swiss francs,
- 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 during the year.

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

www.expertsuisse.ch
Swiss Expert Association for Audit, Tax, and Fiduciary
Languages: German, English, French, Italian
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 to 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.easygov.swiss
Electronic registration and creation of new companies
Languages: German, English, French, Italian

www.kmu.admin.ch > Practical knowledge > Establish an SME
Online notary for company formations (AG/limited liability company)
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)

<table>
<thead>
<tr>
<th>STEP</th>
<th>TIME REQUIRED IN WEEKS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Preliminary examination, registration, and approval of company (name)</td>
<td></td>
</tr>
<tr>
<td>Preparation of necessary documents (corporate charter or articles of incorporation, statutes, application, etc.)</td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>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 deposited 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)</td>
<td></td>
</tr>
<tr>
<td>Publication in official journal of the canton</td>
<td></td>
</tr>
<tr>
<td>Entry of responsible person(s)/entities in the appropriate registers (commercial register, land register)</td>
<td></td>
</tr>
<tr>
<td>Registration as company liable to tax</td>
<td></td>
</tr>
</tbody>
</table>

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.

Excluding the securities issue tax, the fixed formation costs therefore total 6,000 to 8,000 Swiss francs for the traditional process and approximately 2,000 Swiss francs for the electronic process. For a small business that does not need to provide extensive documentation, the costs for establishing a company amount to a maximum of 2,000 Swiss francs. 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.zefix.ch  
Zefix - Central Business Name 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 1 million Swiss francs. This exemption applies generally to the formation of corporations and to capital increases up to 1 million Swiss francs. Existing companies may therefore increase their capital to 1 million Swiss francs without owing any securities issue tax.

### Costs of Forming a Stock Corporation (AG)

<table>
<thead>
<tr>
<th>COSTS OF FORMING A COMPANY</th>
<th>TRADITIONAL</th>
<th>ELECTRONIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Capital</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Consulting services (corporate charter or articles of association, taxes, commercial register, share certificates, establishment documents, founding assembly, etc.)</td>
<td>5,000 – 7,000</td>
<td>300 – 850</td>
</tr>
<tr>
<td>Commercial register fee</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td>Certification fees</td>
<td>1,000</td>
<td>600</td>
</tr>
<tr>
<td>Securities issue tax</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total costs</strong></td>
<td>7,000 – 9,000</td>
<td>1,900 – 2,450</td>
</tr>
</tbody>
</table>

Source: startups.ch

### Costs of Forming a Limited Liability Company (GmbH)

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

Source: startups.ch
VISAS, RESIDENCE PERMITS, AND WORK PERMITS

6.1 Entering the Country and Visas ....................................... 67
6.2 Temporary and Permanent Residence ............................ 68
6.3 Residing in Switzerland without Gainful Employment... 69
6.4 Residing in Switzerland with Gainful Employment........ 70
6.5 Naturalization ............................................................. 73
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

The requirements for entering Switzerland differ depending on the purpose of the stay (for example, tourism, visit, employment, family reunification, or study) and the duration of the stay (short or long term). The State Secretariat 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

Depending on your nationality and/or the duration of your stay, you may need a visa to enter Switzerland. As a rule, persons requiring a visa must submit the visa application to the Swiss representation responsible for their place of residence. The corresponding application can be downloaded from the website of the representation or the SEM. In addition to a valid, recognized travel document, the application must include proof of travel health insurance and additional documents that verify the reason for the journey. The representation’s website provides information on visa fees and documents that have to be submitted. The Swiss representation abroad may require a letter of sponsorship to be submitted before it issues the visa if the applicant does not have sufficient financial funds or if there is some doubt on this point.

www.swiss-visa.ch
Switzerland's online visa system
Languages: German, English, French, Italian, Spanish

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

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Do I Need a Visa?*

(FIG. 19)

Are you a citizen of one of the following countries? EU-25, EFTA, Andorra, Brunei, Japan, Malaysia, Monaco, New Zealand, San Marino, Singapore, Vatican City

Are you a citizen of one of the following countries?

I want to travel to Switzerland. Do I need a visa?

Are you a citizen of one of the following countries? EU-25, EFTA, Andorra, Brunei, Japan, Malaysia, Monaco, New Zealand, San Marino, Singapore, Vatican City

Do you intend to stay for more than 3 months?

Are you a citizen of one of the following countries? EU-25, EFTA, Andorra, Brunei, Japan, Malaysia, Monaco, New Zealand, San Marino, Singapore, Vatican City

Do you plan to work?

You do not need a visa. Welcome to Switzerland!

You need a visa. Please contact the Swiss representation in your country for more information.

www.eda.admin.ch
Search term: Representation

---

*Information is for guidance only. A general visa waiver does not mean, for instance, that no permit is required for work. Please consult the responsible Swiss representation.
6.1.2 Visa Procedure

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.

In some cases, the representation abroad may require a declaration of sponsorship. Detailed information on this requirement can be found on the SEM’s website:

- Information on entry to the Schengen area/visa procedures: www.sem.admin.ch > Entry & residence > Do I require a visa > Entry to the Schengen Area
- Information on letters of invitation and declarations of sponsorship: www.sem.admin.ch > Entry & residence > Do I require a visa > Letters of Invitation and Declarations of Sponsorship

If the visa request is declined, it is possible to appeal the decision by writing to the SEM (in German, French, or Italian) within 30 days of notification and explaining the reasons for the appeal. An advance on costs is payable to the SEM for handling the appeal. The appeal will not be processed unless the required advance on costs is paid.

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

6.2 TEMPORARY AND PERMANENT RESIDENCE

Temporary and permanent residence permits are issued by the cantonal migration offices. It may be possible to work depending on the type of permit issued. Foreigners residing in Switzerland for more than three months receive a residence permit indicating which type of authorization has been granted (see Fig. 20).

www.sem.admin.ch > About us > Contact > Cantonal authorities
Cantonal migration and labor market authorities
Languages: German, English, French, Italian
www.ch.ch > Foreigners in Switzerland
Information for foreigners in Switzerland
Languages: German, English, French, Italian
www.sem.admin.ch > Entry & residence
Overview of residence
Languages: German, English, French, Italian

Types of Permits

| 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), 2017
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 considered dependents
- Parents and parents of the spouse, who are provided with sufficient financial support

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

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.

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. The reference period of 180 days is always calculated based on the inspection date and covers the 180 days preceding the inspection date. 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 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 funds to support 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 have sufficient funds to support themselves 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 provided 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 for tuition fees
  - Proof of sufficient 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 migration or employment office (depending on the canton).

Since the bilateral agreements on the free movement of persons and the revised EFTA convention entered into force, different conditions have applied to EU/EFTA citizens than to people from other countries. EU-27/EFTA citizens are on equal footing with Swiss employees. Transitional provisions apply in the case of Croatian citizens. Citizens of non-EU countries are subject to entry restrictions, labor market checks, and priority treatment for EU/EFTA citizens. Foreign asylum seekers may stay in Switzerland in accordance with the provisions of asylum legislation.

The cantons are responsible for deciding whether foreigners may stay and reside in the country. The Confederation is consulted for permission and considers applications from the point of view of Switzerland as a whole. 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 diploma, certificate, or professional qualification. 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.
Work and Residence Permits: Rules and Procedures

(FIG. 21)

<table>
<thead>
<tr>
<th>RULES FOR EU/EFTA CITIZENS</th>
<th>RULES FOR CITIZENS OF NON-EU/EFTA COUNTRIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EU-27/EFTA</strong></td>
<td><strong>CROATIA</strong></td>
</tr>
<tr>
<td><strong>Short-term residence permit</strong></td>
<td>(Permit C-EU/EFTA)</td>
</tr>
<tr>
<td>- 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).</td>
<td>- 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.</td>
</tr>
<tr>
<td>- Family reunification possible.</td>
<td>- Priority for Swiss workers, inspection of remuneration and working conditions.</td>
</tr>
<tr>
<td><strong>Residence permit</strong></td>
<td>(Permit B-EU/EFTA)</td>
</tr>
<tr>
<td>- Valid for 5 years, after presentation of a certificate of employment with duration of 1 year or more or unlimited duration.</td>
<td>- Quotas are redefined each year.</td>
</tr>
<tr>
<td>- Full-time residence for specific purpose with main residence in Switzerland.</td>
<td>- Priority for Swiss workers, inspection of remuneration and working conditions.</td>
</tr>
<tr>
<td>- Family reunification possible.</td>
<td>- Family reunification possible.</td>
</tr>
<tr>
<td>- Entitlement to work in self-employed capacity.</td>
<td>- Otherwise as EU-27.</td>
</tr>
<tr>
<td><strong>Permanent residence permit</strong></td>
<td>(Permit C-EU/EFTA)</td>
</tr>
<tr>
<td>- 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.</td>
<td>- As EU-27</td>
</tr>
<tr>
<td>- Holders have the same rights as Swiss workers on the labor market.</td>
<td>- Priority for Swiss workers, inspection of remuneration and working conditions.</td>
</tr>
<tr>
<td><strong>Cross-border commuter permit</strong></td>
<td>(Permit G-EU/EFTA)</td>
</tr>
<tr>
<td>- Unrestricted geographical mobility.</td>
<td>- Geographic mobility within all Swiss border zones.</td>
</tr>
<tr>
<td>- Holder must return to main residence in an EU/EFTA country every week.</td>
<td>- Priority for Swiss workers, inspection of remuneration and working conditions.</td>
</tr>
<tr>
<td>- Self-employment possible.</td>
<td>- Set-up time of six months for self-employed cross-border commuters.</td>
</tr>
<tr>
<td>- Period of validity depends on employment contract, but 5 years maximum, with possibility of extension.</td>
<td>- Geographic mobility within all Swiss border zones.</td>
</tr>
<tr>
<td><strong>Short-term residence permit</strong></td>
<td>(Permit C-EU/EFTA)</td>
</tr>
<tr>
<td>- As EU-27</td>
<td>- As EU-27</td>
</tr>
</tbody>
</table>

Source: State Secretariat for Migration (SEM), 2017
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. Unrestricted free movement of persons already applies to members of EU-27 countries; citizens of Croatia are subject to limitations during the first phase of transitional provisions (priority treatment of Swiss nationals, salary and work conditions, quotas). These permits can be extended subsequently. Anyone who enjoys full freedom of movement (EU-27) 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 confirmation of employment. If the work contract expires within three months, no permit is needed, but these workers are still required to register. Service providers (self-employed or posted workers) based in the EU-27 or EFTA region no longer require a license for activities in Switzerland lasting less than 90 work days per calendar year. They simply need to register, which can be done via the Internet. Exceptions are made for services requiring a license that are provided for companies based in Croatia in the following economic sectors: primary and secondary construction, gardening and landscaping, cleaning, and surveillance/security.

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.

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 or the EU/EFTA region and that the training of a suitable employee within a reasonable period was not possible.
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.

Because of the free movement of persons between Switzerland and the EU, citizens of EU-27 and EFTA countries only need a short-term residency permit for au pair employees. The permit can be extended to a maximum of 18 months.

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.

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 10 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 > Foreigners in Switzerland
Naturalization Information
Languages: German, English, French, Italian
REAL ESTATE

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7.3 Residential Real Estate ................................................... 79
7.4 Legal Aspects: Building Permits ........................................ 81
7.5 Legal Aspects: Purchase of Real Estate by Persons Abroad ......................... 82
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.svlt.ch](http://www.svlt.ch)  
  Swiss Real Estate Association (SVIT)  
  Languages: German, English, French, Italian

- [www.ailee-immobilien.ch](http://www.ailee-immobilien.ch)  
- [www.homegate.ch](http://www.homegate.ch)  
- [www.immoscout24.ch](http://www.immoscout24.ch)  
- [www.comparis.ch](http://www.comparis.ch) > Property  
  Residential properties  
  Languages: German, English, French, Italian

- [www.s-ge.com/realestate](http://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](http://www.myswitzerland.com) > Accommodation  
  Hotels and vacation accommodations  
  Languages: German, English, French, Italian, Portuguese, Spanish, Russian, Chinese, Japanese

- [www.xpatexchange.ch](http://www.xpatexchange.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
(last updated: 2nd quarter of 2017)

(FIG. 22)

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

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

Source: Wüest Partner, source map: swisstopo
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.

Building Land: Market Prices for Commercial Buildings
(last updated: 2nd quarter of 2017)

(FIG. 23)

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

- Over 1,500
- 1,000 to 1,500
- 500 to 1,000
- 250 to 500
- 150 to 250
- Under 150

Source: Wüest Partner, source map: swisstopo
## A Purchase Transaction

(FIG. 24)

**Preliminary assessment:**
- Legal circumstances (public and private law)
  - Construction law conditions
  - Statistical analysis
  - Land registry 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**
- Precise definition of property for sale
- Determination of price
- Taking possession
- Specification of finance
- Financial securities

**Notarization at the relevant location**
- Signing of contract in the presence of a notary
- Payment of financial securities if applicable

**Official completion in the relevant land register district**
- Exchange: handover of property against payment
- (Signing of land register entry)

---

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 (2017: 1.47%). 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.
7.3.2 Buying

The acquisition of residential property by individuals resident abroad is subject to certain legal restrictions (see 7.5). In 2015, the home ownership rate in Switzerland was about 38.4%. 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.

**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) Application review, 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.
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 sectors. It therefore covers self-employed professionals such as IT specialists and 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 who reside outside Switzerland.
- Non-EU/non-EFTA nationals resident in Switzerland who do not have a permanent residence permit.
- Companies whose head office is located 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 who reside outside Switzerland. This is the case if foreigners 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. 27)

<table>
<thead>
<tr>
<th>GROUP</th>
<th>NO PERMIT REQUIRED FOR PURCHASE OF...</th>
</tr>
</thead>
<tbody>
<tr>
<td>All persons</td>
<td>Commercial Real Estate</td>
</tr>
<tr>
<td>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)</td>
<td>All types of real estate and property</td>
</tr>
<tr>
<td>Non-EU or non-EFTA citizens who have the right to permanently reside in Switzerland (with a C permit)</td>
<td>All types of real estate and property</td>
</tr>
<tr>
<td>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)</td>
<td>Main residence</td>
</tr>
<tr>
<td>Companies headquartered in Switzerland controlled by persons who do not require a permit</td>
<td>All types of real estate and property</td>
</tr>
<tr>
<td>EU and EFTA cross-border commuters (with EU/EFTA G permit)</td>
<td>Second home in the area of employment</td>
</tr>
</tbody>
</table>

Source: Federal Office of Justice (FOJ), 2017
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 that merit 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.”
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 4.6 million employed people (as at Q2 2017), about 2.1 million of whom are women. The rate of unemployment as defined by the International Labor Office (ILO) is 4.4%, among the lowest in Europe. Foreigners account for 26% of the employed population. 37% of employed people work part-time. 27% of women work part-time, compared to just 9% of men. Switzerland has consistently had low unemployment.

The Swiss workforce is highly qualified, about 40% having undergone tertiary training. Swiss employees are famous worldwide for their multilingualism, and Swiss managers have above-average international experience.

International Experience by Managers, 2017
1 = Low, 10 = High

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hong Kong</td>
<td>8.10</td>
</tr>
<tr>
<td>2</td>
<td>Switzerland</td>
<td>8.04</td>
</tr>
<tr>
<td>3</td>
<td>United Arab Emirates</td>
<td>7.98</td>
</tr>
<tr>
<td>4</td>
<td>The Netherlands</td>
<td>7.42</td>
</tr>
<tr>
<td>5</td>
<td>Luxembourg</td>
<td>7.32</td>
</tr>
<tr>
<td>6</td>
<td>Singapore</td>
<td>7.30</td>
</tr>
<tr>
<td>7</td>
<td>Qatar</td>
<td>7.25</td>
</tr>
<tr>
<td>8</td>
<td>Ireland</td>
<td>6.85</td>
</tr>
<tr>
<td>9</td>
<td>Sweden</td>
<td>6.71</td>
</tr>
<tr>
<td>10</td>
<td>Belgium</td>
<td>6.66</td>
</tr>
<tr>
<td>11</td>
<td>Germany</td>
<td>6.62</td>
</tr>
<tr>
<td>12</td>
<td>United Kingdom</td>
<td>6.38</td>
</tr>
<tr>
<td>13</td>
<td>Denmark</td>
<td>6.36</td>
</tr>
<tr>
<td>14</td>
<td>Austria</td>
<td>6.14</td>
</tr>
<tr>
<td>27</td>
<td>USA</td>
<td>5.54</td>
</tr>
<tr>
<td>41</td>
<td>India</td>
<td>5.01</td>
</tr>
<tr>
<td>47</td>
<td>Italy</td>
<td>4.72</td>
</tr>
<tr>
<td>49</td>
<td>Russia</td>
<td>4.66</td>
</tr>
<tr>
<td>52</td>
<td>China</td>
<td>4.64</td>
</tr>
<tr>
<td>53</td>
<td>Brazil</td>
<td>4.64</td>
</tr>
</tbody>
</table>

Sources: IMD World Competitiveness Center 2017
In terms of motivation to work, the Swiss rank third worldwide behind Denmark and Norway (Fig. 29). Swiss employees identify very strongly with their companies, partly because most companies are small or medium-sized.

International Comparison of Motivation to Work, 2017
1 = Low, 10 = High

1 = Norway 8.07
2 = Denmark 8.06
3 = Switzerland 7.83
4 = Austria 7.57
5 = The Netherlands 7.33
6 = Hong Kong SAR 7.28
7 = Ireland 7.23
8 = United Arab Emirates 7.21
9 = Sweden 7.15
10 = Germany 7.09
11 = Luxembourg 6.85
12 = Singapore 6.84
13 = Japan 6.78
14 = USA 6.42
15 = United Kingdom 6.36
16 = China 6.20
17 = India 6.00
18 = Brazil 5.47
19 = Italy 5.20

Sources: IMD World Competitiveness Center 2017

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.

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.

Productivity, 2016
GDP per employed person, in US dollars

1 = Ireland 143,574
2 = Luxembourg 143,279
3 = Switzerland 141,082
4 = Norway 140,429
5 = USA 122,597
6 = France 92,581
7 = Austria 91,604
8 = The Netherlands 86,255
9 = Hong Kong SAR 84,099
10 = United Kingdom 82,795
11 = Singapore 80,849
12 = Germany 79,641
13 = Japan 76,392
14 = Italy 74,552
15 = Brazil 19,891
16 = Russia 17,691
17 = China 14,431
18 = India 4,305

Sources: IMD World Competitiveness Center 2017

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. 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 wage calculator
Languages: German, French, Italian

www.bfs.admin.ch > Look for statistics > 03 Work and Income
Wages, income from employment and labor costs
Languages: German, English, French, Italian
8.3 EMPLOYMENT CONTRACTS AND EMPLOYEE REPRESENTATION

The Swiss labor market is generally considered one of the world’s most liberal (Fig. 31). 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 (occupational health and safety).

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. Certain mandatory 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, overtime, inventions, etc.). Employment contracts and employee handbooks must conform to the mandatory provisions of the Swiss Code of Obligations, labor law, 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

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Deregulation of the Labor Market, 2017

<table>
<thead>
<tr>
<th>Country</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Denmark</td>
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</tr>
<tr>
<td>2  Switzerland</td>
<td>8.06</td>
</tr>
<tr>
<td>3  Singapore</td>
<td>7.61</td>
</tr>
<tr>
<td>4  Iceland</td>
<td>7.32</td>
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<td>5  New Zealand</td>
<td>7.22</td>
</tr>
<tr>
<td>6  United Arab Emirates</td>
<td>7.17</td>
</tr>
<tr>
<td>7  Hong Kong SAR</td>
<td>7.00</td>
</tr>
<tr>
<td>8  Kazakhstan</td>
<td>6.90</td>
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<tr>
<td>9  USA</td>
<td>6.68</td>
</tr>
<tr>
<td>10 United Kingdom</td>
<td>6.64</td>
</tr>
<tr>
<td>15 Ireland</td>
<td>6.13</td>
</tr>
<tr>
<td>20 Luxembourg</td>
<td>5.66</td>
</tr>
<tr>
<td>23 Japan</td>
<td>5.39</td>
</tr>
<tr>
<td>26 China</td>
<td>5.32</td>
</tr>
<tr>
<td>32 The Netherlands</td>
<td>4.91</td>
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<tr>
<td>34 Germany</td>
<td>4.71</td>
</tr>
<tr>
<td>38 Austria</td>
<td>4.51</td>
</tr>
<tr>
<td>40 India</td>
<td>4.39</td>
</tr>
</tbody>
</table>

Sources: IMD World Competitiveness Center 2017

“The Swiss labor market is considered one of the world’s most liberal.”
compensating employees for agreeing to such non-competition clauses. Non-competition clauses, for example, 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
- define real execution, penalties, and their effects.

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. 32).

8.3.3 Co-Determination and Employee Representation
The Co-Determination Act governs the participation of employees in the 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 changes. Employees have the right to take their questions and 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, 2017
1 = Total confrontation, 7 = Total cooperation

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Score</th>
</tr>
</thead>
<tbody>
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<tr>
<td>2</td>
<td>Singapore</td>
<td>6.2</td>
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<tr>
<td>3</td>
<td>Norway</td>
<td>6.1</td>
</tr>
<tr>
<td>4</td>
<td>Denmark</td>
<td>6.0</td>
</tr>
<tr>
<td>5</td>
<td>The Netherlands</td>
<td>5.9</td>
</tr>
<tr>
<td>6</td>
<td>New Zealand</td>
<td>5.8</td>
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<tr>
<td>7</td>
<td>Japan</td>
<td>5.7</td>
</tr>
<tr>
<td>8</td>
<td>Sweden</td>
<td>5.7</td>
</tr>
<tr>
<td>9</td>
<td>Hong Kong SAR</td>
<td>5.6</td>
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<tr>
<td>10</td>
<td>USA</td>
<td>5.6</td>
</tr>
<tr>
<td>11</td>
<td>Luxembourg</td>
<td>5.4</td>
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<td>12</td>
<td>United Kingdom</td>
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<td>Germany</td>
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<tr>
<td>14</td>
<td>Ireland</td>
<td>5.1</td>
</tr>
<tr>
<td>15</td>
<td>China</td>
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<tr>
<td>16</td>
<td>India</td>
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<td>Russia</td>
<td>4.1</td>
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<td>18</td>
<td>Italy</td>
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</tr>
<tr>
<td>19</td>
<td>Brazil</td>
<td>4.0</td>
</tr>
<tr>
<td>20</td>
<td>Brazil</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Sources: WEF, The Global Competitiveness Index 2017 – 2018
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 defining 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-shift or multiple-shift operation, or continuous operation (7 x 24 hours x 365 days) are all possibilities. In particular should continuous operation be required, 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 time-frame, 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.

“Compared with other countries, Switzerland has highly investor-friendly labor market provisions.”
8.4.4 Night Work, Working on Sundays and 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.

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. Unless otherwise agreed, the employment relationship ends after the probationary period at the end of each month. In order for the termination notice to be legally valid, the person to be dismissed must receive it before the notice period begins. In the case of an unconditional summary dismissal, the employee’s salary must continue to be paid out until the end of the notice period even though the work performance ends immediately (though not fiduciary duty and other duties).

Termination without notice is only possible under certain restrictive conditions: the continuation of the individual employment relationship may no longer be acceptable (for example fraud, refusal to work, or competition with the employer). In most cases, a warning is required in advance. If there is an important reason, termination without notice must occur immediately (within a few days) or the right is forfeited.
It is improper to dismiss an employee on the grounds of their age, skin color, or religion, nor for affiliation with a political party or a union. An abusive termination is valid but can be challenged and may give rise to compensation (a maximum of 6 months’ wages at the court’s discretion). Employees cannot be fired during certain “blackout periods,” which apply to illness, accidents, pregnancy, military service, civil defense, community service, or relief activities abroad. Dismissal in these situations is not valid and is referred to as termination during barred periods.

Compared with other countries, Switzerland has highly investor-friendly labor market conditions. 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 a complete halt to 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, as dismissals are the last resort with which an entrepreneur can respond to fluctuations in the level of employment. In the case of mass layoffs, the Swiss Code of Obligations (OR Article 335d-335g) requires employers to
– consult and inform their employees, and
– inform the cantonal employment office in writing.

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:

1st Pillar: 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.

2nd Pillar: 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.

3rd Pillar: Individual, voluntary self-provision of the employed person should cover the further personal needs, above all by saving on bank and insurance costs. The individual provision of the third pillar are partially tax-deductible.

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.

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Flexibility in Hiring and Firing, 2017
1 = Obstructed by regulations, 7 = Employers have flexibility to decide

<table>
<thead>
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<th>Country</th>
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<tr>
<td>Brazil</td>
<td>1.8</td>
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Sources: WEF, The Global Competitiveness Index 2017 – 2018
### Overview of Obligatory Social Insurance Contributions

**FIG. 35**

<table>
<thead>
<tr>
<th>INSURANCE</th>
<th>EMPLOYEE</th>
<th>EMPLOYER</th>
<th>SELF-EMPLOYED</th>
<th>UNEMPLOYED</th>
</tr>
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<tbody>
<tr>
<td>Old-Age and Survivors' Insurance (OASI)</td>
<td>4.2% of salary</td>
<td>4.2% of salary</td>
<td>max. 7.8%</td>
<td>Min. 392 CHF</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Max. 19,600 CHF</td>
</tr>
<tr>
<td>Disability Insurance (DI)</td>
<td>0.7% of salary</td>
<td>0.7% of salary</td>
<td>max. 1.4%</td>
<td>Min. 65 CHF</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Max. 3,250 CHF</td>
</tr>
<tr>
<td>Compensation for loss of income and maternity benefits</td>
<td>0.225% of salary</td>
<td>0.225% of salary</td>
<td>max. 0.46%</td>
<td>Min. 21 CHF</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Max. 1,050 CHF</td>
</tr>
<tr>
<td>Occupational accidents</td>
<td>None</td>
<td>0.74% (premium rates according to risk)</td>
<td>Insured through the mandatory health insurance scheme</td>
<td>-</td>
</tr>
<tr>
<td>Non-occupational accidents</td>
<td>1.35% (from 8 hours/week)</td>
<td>None</td>
<td>Insured through the mandatory health insurance scheme</td>
<td>-</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>per capita</td>
<td>None (voluntary contributions may be possible)</td>
<td>per capita</td>
<td>per capita</td>
</tr>
<tr>
<td>Unemployment Insurance</td>
<td>1.1% for portions of income up to CHF 148,200, 0.5% for salary shares over CHF 148,200</td>
<td>1.1% for portions of income up to CHF 148,200, 0.5% for salary shares over CHF 148,200</td>
<td>(non-insurable)</td>
<td>-</td>
</tr>
<tr>
<td>Occupational Pension Funds</td>
<td>7.73% (estimated as % of insured salary, max. CHF 842,400) Amount depends on insurance regulations</td>
<td>10.43% (estimated as % of insured salary, max. CHF 842,400) Amount depends on insurance regulations</td>
<td>voluntary</td>
<td>-</td>
</tr>
<tr>
<td>Family Allowances</td>
<td>only in the canton of Valais (0.3% of payroll)</td>
<td>0.3%–3.63% of total income (depending on family compensation fund)</td>
<td>0.3%–3.4%</td>
<td>-</td>
</tr>
</tbody>
</table>

Sources: Swiss Federal Social Insurance Office, 2017
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, 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 126,000 Swiss francs per year.

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.

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 (0-2,500 Swiss francs) 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.
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 that required 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 3,797 Swiss francs. The maximum insured salary is 10,500 Swiss francs a month. As a rule, a maximum of 520 daily allowances may be drawn within a two-year period.

www.treffpunkt-arbeit.ch > Unemployed – what now?
Information for the unemployed
Languages: German, English, 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 21,150 Swiss francs to participate (2015). The maximum mandatorily insured salary is 84,600 Swiss francs. 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 > Social Insurances > Occupational pension funds
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 42,300 Swiss francs. 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 200 francs for children up to the age of 16.
- An education allowance of 250 francs 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.soprop.ch/kizu
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 or on teletext. The employment service website is the largest job exchange in Switzerland. One advantage is that all RAV services are free.

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. Hiring staff from abroad is prohibited (except under very strict conditions within the Group).

www.hrswiss.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

www.treffpunkt-arbeit.ch › For Employers
Regional employment agencies
Languages: German, English, French, Italian
FINANCIAL CENTER AND CAPITAL MARKET

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Accounting for 9.4% of GDP and employing around 213,000 people (5.6% 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 the asset management and issue underwriting business.

9.1 BANKS

9.1.1 Structure and General Conditions

In Switzerland there are some 260 banks, 200 insurance companies, and 1,800 pension funds. Apart from the two major global banks, UBS and Credit Suisse, 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 most of which offer a government guarantee, have a domestic market share of about one third. Their share of the total assets of all Swiss-based banks in 2016 was about 18%. Another 111 foreign-owned banks with a share of 10.4% 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 24% in 2016, it is the world leader in the cross-border asset management business. Overall, Swiss banks managed assets totaling 6,650.8 billion Swiss francs in 2016.

Switzerland’s success as a financial center is due to 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.

Global Financial Centers, 2017
Overall score from 1 to 1,000

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<td>57</td>
<td>Brussels</td>
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Sources: The Global Financial Centres Index (GFCh 22), 2017
9.1.2 Supervision

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.

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 governance 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).

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
- Institutional investment business
- 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. Most Swiss banks do not require a minimum deposit for normal savings or current accounts. Many banks offer accounts in euros, U.S. 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.
9.1.4 Protection of Deposits
Swiss deposit insurance esisuisse insures customer deposits with banks and securities dealers in Switzerland. If the customer deposits are no longer available as a result of bankruptcy, customers receive up to a maximum of 100,000 Swiss francs of their money from the liquidator. This applies per customer and institute.

Privileged deposits
In the event of bankruptcy, deposits of up to 100,000 Swiss francs per client and financial institution are privileged (in any currency). 'Privilege' in this case means that the deposits are assigned to the second bankruptcy class and thus paid out in liquidation before the claims of the third bankruptcy class. To secure the liquidation, the financial institutions must hold 125% of the privileged deposits in the form of liquid assets in Switzerland.

Secured deposits
esisuisse protects privileged deposits with a Swiss office up to 100,000 Swiss francs per client and financial institution. These deposits thus benefit from priority payout and the protection provided by esisuisse.

Function of deposit insurance (esisuisse)
If FINMA closes a financial institution (bank, securities dealer), the available liquid assets of the financial institution are initially used for the immediate payment of privileged deposits. esisuisse is only activated if the available liquid assets are insufficient to repay the secured customer deposits. esisuisse asks its members (all financial institutions are necessarily members) for the necessary funds via LSV and forwards them within 20 working days to the liquidator commissioned by FINMA. esisuisse provides a maximum of 6 billion Swiss francs. In addition to the liquidity required by law, financial institutions must constantly hold liquid assets amounting to half of their maximum contribution obligations to esisuisse.

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 Europe's most important stock exchanges. It has outstanding liquidity in Swiss securities trading and connects companies from around the world with international investors and trading participants.

Switzerland is a very attractive financial center for capital-seeking domestic and foreign companies, as it is well manageable, closely networked, and internationally oriented. It is thus hardly surprising that the financial center of Switzerland boasts an extraordinary number of global corporations, financial service providers and strong investors. This gives SIX Swiss Exchange a natural competitive advantage and gives listed companies access to an experienced and well-capitalized Swiss and international group of investors and high liquidity.

Thanks to its self-regulatory competence, the Swiss Exchange creates market-friendly conditions for the listing and trading of domestic and foreign shares, bonds, ETFs, ETPs, funds, and structured products.

The SIX Swiss Exchange combines the locational advantages of the Swiss financial center with first-class services and is the ideal listing location for companies of all origins, size, and sector affiliation. It sells its own index range, which includes the SMI®, Switzerland's most important stock index.

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The SIX Swiss Exchange is part of the SIX Group, which offers services in the area of trading and processing as well as financial information and payment transactions.

www.six-swiss-exchange.com
Swiss Stock Market:
Languages: German, English, French

“Switzerland's financial center and the country's appeal as a location make the SIX Swiss Exchange very attractive to domestic and foreign businesses.”
9.3 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 primary sources of credit for commercial finance are market performance, profitability, prospects, and the quality of the company’s leadership. These factors are important for the bank in assessing whether the company can repay the loan. Whether or not the company can provide securities is of secondary importance in the commercial business.

As digitization (Industry 4.0) increasingly compels many companies to shift financing resources away from the acquisition of tangible capital goods and towards a fundamental redesign of their production processes, financing requirements are also changing. Banks are required to properly understand and assess business models and their potential in the digitized world while companies must be able to provide the banks with the relevant information.

The variety and quality of service providers in Switzerland offer excellent conditions for corporate clients to receive the right financing solution from a wide range of offers. In addition to common products such as operating loans, investment loans, and leasing, special products such as start-up financing, commodity trade finance, convertible loans, guarantees, and equity loans are provided by business angels, venture capital companies, and private equity investors.

In addition, banks provide companies with the full range of derivative instruments (futures and options) that enable companies to selectively manage financial risks (such as interest rate or currency fluctuations).


Interest rate in %

The variety and quality of service providers in Switzerland offer excellent conditions for corporate clients to receive the right financing solution from a wide range of offers. In addition to common products such as operating loans, investment loans, and leasing, special products such as start-up financing, commodity trade finance, convertible loans, guarantees, and equity loans are provided by business angels, venture capital companies, and private equity investors.

In addition, banks provide companies with the full range of derivative instruments (futures and options) that enable companies to selectively manage financial risks (such as interest rate or currency fluctuations).


Interest rate in %

In 2016, venture capital companies invested over 909 million Swiss francs in innovative new companies in Switzerland.
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 (also called Libor 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 one to fifteen 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. 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 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 risks. Interest rates and terms generally applied to business investments today depend on the earning-power value 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 to third parties. 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 to third parties.

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 risks. Interest rates and terms generally applied to business investments today depend on the earning-power value 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 to third parties. 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 to third parties.

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.

9.4 RISK CAPITAL

In 2016, venture capital companies invested over 909 million Swiss francs in innovative new companies in Switzerland. This represents more than twice 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.

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 to the company founder or other investors.
9.4.2 Business Angels

During their start-up phase, many promising young companies need seed financing of less than 2 million Swiss francs. 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 2 million Swiss francs. More and more often it is so-called "business angels" – individual investors – who finance start-ups. Typically, business angels have experience and connections in addition to capital that they have ideally 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 (BAS)
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 (see Annex page 160f) 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 knowledge > financial > financing
State support on financing
Languages: German, French, Italian
9.5 INTEREST AND CAPITAL COSTS

Switzerland is one of the most economically and politically stable countries in the world and is regarded as a “safe haven” (Fig. 39). 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 public balance in Switzerland was positive at 2.2 billion Swiss francs (0.3% of GDP) in 2016. By contrast, the euro area and the OECD member states had a negative reference value (-1.6% and -3%, respectively). The Maastricht government debt-to-GDP ratio fell below 40% of GDP in 2006 and has since been further reduced thanks to the debt brake. In 2016 it remained at 29.2%.

Credit Rating: Top Ten Most Secure Countries, 2016
Maximum = 100 points
(Fig. 39)

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

Switzerland’s high credit standing, together with its high savings rate, leads to large amounts of foreign funds and therefore to low interest rates when compared to other countries. Business and investment activities can thus be financed relatively inexpensively. In recent years, the average difference in money and capital market rates between Swiss francs and euros has been between 1.5 and 2%. 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. 40).

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 and the major industrialized nations. While it has remained in negative territory for years, it has been moving at rates of 0.5% since the beginning of 2017.

Inflation, 2016
(Fig. 41)

Sources: IMF WEO Report, April 2016
OVERVIEW OF THE SWISS TAX SYSTEM

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The Swiss tax system mirrors Switzerland’s federal structure, which consists of 26 sovereign cantons with 2,255 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 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.
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, 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 the 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).

Overview of ordinary profit tax rates
Combined effective income tax rates (for direct federal and for cantonal and local taxes) for properly taxed companies in 2017 were between 12.43% and 24.16%, depending on the canton and municipality.

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. Tax bill 17 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).

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.

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

10.1.4 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 are provided for investment projects that meet certain requirements. 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.

10.1.3 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 2017, 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.
10.2 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.

Sources: PricewaterhouseCoopers, 2017
10.3 TAXATION OF INDIVIDUAL TAXPAYERS

10.3.1 Personal Income Tax

Taxable Persons
Individuals are subject to taxation on federal and cantonal/communal levels 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 when 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 50,000 Swiss francs. 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 11.4% to 33.5% 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 120,000 Swiss francs (500,000 Swiss francs 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 the 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. 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 maximum tax burden therefore varies considerably and ranges from 0.11% 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 rights 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 do not have a right to Swiss citizenship 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. 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 400,000 Swiss francs 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. The abolition of lump-sum taxation continues to be the subject of political debate. Lump-sum taxation remains an option in the following cantons: Aargau, Appenzell Inner Rhodes, Bern, Friborg, Geneva, Glarus, Grisons, Jura, Lucerne, Neuchâtel, Nidwalden, Obwalden, St. Gallen, Solothurn, Schwyz, Thurgau, Ticino, Uri, Vaud, Valais, and Zug.

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 1,000 Swiss francs, 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, and 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 that was practically identical to the version of the EU Parent/Subsidiary Directive and the EU Interest/Royalty Directive in effect at that time.

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.

As of 2017/18, the Savings Tax Agreement will now be replaced by the new Global Standard for Automatic Exchange of Information (AIA), which covers not only interest income but all types of capital gains and also trusts and foundations (AIA Agreement). The withholding tax exemption of cross-border payments of dividends, interest, and royalties between affiliated companies enshrined in the Savings Tax Agreement will continue to apply.

In general, the bilateral agreements, including the AIA 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 AIA Agreement can be denied in cases of abuse or fraud. This is because of the explicit reservation made in the AIA 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 global taxable turnover exceeds 100,000 Swiss francs 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 (without mandatory registration) 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 100,000 Swiss francs per year (or less than 150,000 Swiss francs 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. CHE123.456.789 VAT). Since January 31, 2014, the only valid number has been the VAT number based on the company identification number (e.g. CHE123.456.789 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 of 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 that 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. Provision of services in Switzerland (including Liechtenstein),
3. Purchase of services (and certain domestic deliveries) from companies domiciled abroad 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 transactions which, in the sense of value added taxation, are considered to be supplies of goods such as the maintenance of machinery, the rental or leasing of property, the sale of electricity, etc.

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, 2018, the standard rate has been 7.7% on all taxable supplies of goods or services. A reduced rate of 3.7% 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 5.005 million Swiss francs (incl. VAT) and a tax liability of 103,000 Swiss francs (calculated according to the applicable net tax rate) or less per year. Small businesses may opt to submit VAT based on a balanced tax rate which is lower than the standard rate of 7.7% 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 approved by the Swiss Federal Tax Administration and maintained for at least one year. Contrary to the normal case of quarterly billing, a VAT return has to be submitted only twice a year.

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, no input tax deduction is 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 and purchase 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. 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**

![Diagram of International Business Activity](FIG 43)

- Invoice
- Goods delivery
- Foreign revenue not subject to Swiss VAT

Sources: 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 required to appoint an authorized VAT representative based in Switzerland. Such entrepreneurs may claim input VAT directly. Exempted from compulsory VAT duties are foreign companies that only provide services in Switzerland exempt from tax or recipient-centered services (except telecommunications or electronic services to non-taxable recipients), or deliveries of electricity in pipelines, gas via the natural gas distribution network, and district heating to taxable persons in Switzerland.

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).

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 1 million Swiss francs 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 10 million Swiss francs 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 applicable tax rate is 0.3%.

“At 7.7%, Switzerland has the lowest rate of VAT in Europe.”
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 TAX PROPOSAL 17
Switzerland is currently in the process of modernizing its corporate tax system. The goal is to provide an attractive tax environment for companies and to ensure that taxation arrangements are in line with internationally established tax practices.

The Swiss Federal Department of Finance (FDF) has already prepared a new proposal with tax proposal 17 (SV17). The reform is expected to come into effect no earlier than 2020. Until then, the current attractive tax regime will remain valid at national level.

Current information on tax proposal 17 can be found on the website of the Swiss Federal Department of Finance.

www.efd.admin.ch > Tax proposal 17
Federal Department of Finance (FDF)
Languages: German, English, French, Italian
www.s-ge.com/corporate-taxation
Facts and figures on Corporate Taxation in Switzerland
Languages: German, English, French, Italian, Spanish, 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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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.

Sources: WEF, Global Competitiveness Index 2017 – 2018
11.1.1 Road Traffic
Switzerland’s highway network is one of the densest in the world. There are currently approx. 1,840 km (1,143 miles) of national highways in operation, providing access to all parts of the country. The high proportion of tunnels is remarkable: 250 tunnels are currently in operation. 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 40 Swiss francs). 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.

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 10,000 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 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, 74% 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 it contains are worth a combined 5.4 billion Swiss francs 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 300 million Swiss francs.

– 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 was opened on June 1, 2016, is the longest tunnel in the world, at 57 kilometers (more than 35 miles).
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
Swiss Rhine 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 2017 Zurich Airport received the World Travel Award as Europe’s leading airport for the 14th 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 27.6 million passengers used the Zurich airport in 2016. The freight volume in the same period totaled 433,577 metric tons. The airport currently serves 178 destinations in 65 countries on four continents. Switzerland’s two other international airports – Geneva and EuroAirport Basel – also have many connections to key European business centers and holiday destinations and a number of direct flights to overseas destinations. Geneva handled 16.5 million passengers and 70,400 metric tons of freight in 2016. In the same year, Basel Airport processed 7.3 million passengers and 55,000 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.flughaven-zuerich.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
Direct Intercontinental Flight Connections from Zurich (ZRH) and Geneva (GVA)
In parentheses: airport; duration of flight

Sources: Zurich Airport, Geneva Airport; own representation of S-GE 2016
For international corporations, the ability to schedule business fights 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 (for 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 2016, 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 (30%) and among the leading nations worldwide (Fig. 47). 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.

“In 2016, more than 50% of Switzerland’s inhabitants were subscribed to fixed-line broadband Internet access.”

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**Broadband Internet Access, 2016**
Subscribers to high-speed Internet connections per 100 inhabitants

(FIG. 47)

<table>
<thead>
<tr>
<th>Country</th>
<th>DSL</th>
<th>cable modem</th>
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<td>OECD average</td>
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Sources: OECD, December 2016
11.3 ENERGY
Switzerland has a reliable and secure nationwide energy supply system. Petroleum products accounted for 50.2% of gross energy consumption in Switzerland in 2016. 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 (2016: 59%) and nuclear power plants (2016: 32.8%). 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. 0.75 Swiss francs per liter), revenues that 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 animals 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 (unleaded 98), which averaged 1.60 Swiss francs per liter in October 2017, 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
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 2 Swiss francs per thousand liters in Switzerland. At a cost of 0.30 Swiss francs per person per day, the cost is just under 0.90 Swiss francs 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 wastewater 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 wastewater treatment plants.

11.5 POST
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.

The postal service provides an overall dense network of access points. As of late December 2016, there were 1,323 post offices, 849 agencies, and 1,005 postomats. 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

www.bakom.admin.ch
Federal Office of Communications (DFCOM)
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. By international standards, Switzerland has a cost-intensive healthcare system relative to GDP. A dense network of hospitals, pharmacies, and medical and dental practices ensures universal access to out-patient and in-patient care. 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 83 years (see fig. 48).

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 private health insurance companies. Additional insurance is optional.

www.bag.admin.ch > Topics > Insurances
Overview of health insurance
Languages: German, English, French, Italian

“At an average of 83 years, the Swiss people have the world’s third-highest life expectancy.”
Life Expectancy at Birth, 1970 and 2015
(FIG. 48)

| Year | Japan | Spain | Switzerland | Italy | Australia | Iceland | France | Luxembourg | Norway | Sweden | Israel | Korea | Canada* | New Zealand | Finland | The Netherlands | Ireland | Austria | Portugal | Belgium | Greece | United Kingdom | Slovenia | Denmark | Germany | Chile | USA | Czech Republic | Turkey | Estonia | Poland | Slovakia | Hungary | Mexico | Latvia |
|------|-------|-------|-------------|-------|-----------|---------|--------|------------|--------|--------|--------|-------|---------|-------------|--------|----------------|---------|---------|-----------|--------|-------|----------------|---------|--------|----------|-------|-----|----------------|-------|--------|---------|-------|-----|-----------------|-------|--------|
| 1970 |       |       | 83.9        |       |           |         |        |            |        |        |        |       |         |             |        |                |         |        |           |        |       |                |       |        |          |       |     |                 |       |        |          |       |     |
| 2015 |       |       |             |       |           |         |        |            |        |        |        |       |         |             |        |                |         |        |           |        |       |                |       |        |          |       |     |                 |       |        |          |       |     |

Sources: OECD Health Statistics 2017

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, Italian

www.hplus.ch
Hospitals in Switzerland
Languages: German, French, Italian

www.fmh.ch
Swiss Medical Association (FMH)
Languages: German, French, Italian

www.doctorfmh.ch
Swiss doctors directory
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 programs, 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. 49)

The Swiss education system is structured into three levels: Primary, Lower Secondary, and Tertiary.

**Primary Level**
- Including kindergarten or first learning cycle
- First learning cycle

**Lower Secondary Level**
- Performance-based grouping

**Upper Secondary**
- Baccalaureate Schools
- Specialised Baccalaureate Programme
- Upper Secondary Specialised Schools

**Tertiary**
- PhD Doctorate
- Master (5 years)
- Bachelor (3 years)
- PET College Diploma
- Advanced Federal PET Diploma

**Preparation for Federal VT Diploma and Advanced Federal PET Diploma**
- Federal Vocational Baccalaureate + Specialised School Certificate
- Federal Vocational Baccalaureate + Federal VET Diploma

**Vocational Education and Training (Apprenticeship)**
- Federal Vocational Baccalaureate during the apprenticeship (option 1)
- Option 2
- Option 3

**Bridge Year Courses**

**ISCED | International Standard Classification of Education 2011**

- ISCED 8
- ISCED 7
- ISCED 6
- ISCED 4
- ISCED 34 + 35
- ISCED 2
- ISCED 1
- ISCED 020

1. Two years of kindergarten or the first two years of a first learning cycle: included in compulsory education in the majority of cantons.
2. Lower secondary level: 4-year scuola media in the Canton of Ticino (pursuant to exception clause in Art. 6 HarmoII Agreement)
3. Vocational education and training (apprenticeship): training company + VET school + intercompany courses; full-time school education possible
4. Federal Vicational 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
5. Federal PET examination / Federal PET diploma = ISCED 6
   Advanced Federal PET examination / Advanced federal PET diploma = ISCED 7

Children and adolescents with special educational needs
Support through special measures from birth up to age 20
The responsibility for the precise arrangement of special needs education during compulsory education (special schools, special classes, special support integrated in regular classes, etc.) lies with the cantons and is not shown on the chart.
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. 50).

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 2014, public-sector spending on education in Switzerland was just under 36 billion Swiss francs. That’s 5.6% of the gross domestic product. On a per-capita basis, this level of spending puts Switzerland in first place worldwide.

Sources: IMD World Competitiveness Center 2017

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**Quality of the Education System, 2017**

1 = completely fails to meet the economy’s needs, 10 = meets the economy’s needs

(FIG. 50)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Switzerland</td>
<td>8.94</td>
</tr>
<tr>
<td>2</td>
<td>Finland</td>
<td>8.93</td>
</tr>
<tr>
<td>3</td>
<td>The Netherlands</td>
<td>8.59</td>
</tr>
<tr>
<td>4</td>
<td>Norway</td>
<td>8.43</td>
</tr>
<tr>
<td>5</td>
<td>Denmark</td>
<td>7.93</td>
</tr>
<tr>
<td>6</td>
<td>Singapore</td>
<td>7.88</td>
</tr>
<tr>
<td>7</td>
<td>Canada</td>
<td>7.81</td>
</tr>
<tr>
<td>8</td>
<td>Ireland</td>
<td>7.78</td>
</tr>
<tr>
<td>9</td>
<td>Germany</td>
<td>7.71</td>
</tr>
<tr>
<td>10</td>
<td>Hong Kong SAR</td>
<td>6.68</td>
</tr>
<tr>
<td>11</td>
<td>France</td>
<td>6.43</td>
</tr>
<tr>
<td>12</td>
<td>Luxembourg</td>
<td>6.35</td>
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<td>13</td>
<td>USA</td>
<td>6.13</td>
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<tr>
<td>14</td>
<td>United Kingdom</td>
<td>6.04</td>
</tr>
<tr>
<td>15</td>
<td>Japan</td>
<td>5.91</td>
</tr>
<tr>
<td>16</td>
<td>Italy</td>
<td>5.74</td>
</tr>
<tr>
<td>17</td>
<td>China</td>
<td>5.55</td>
</tr>
<tr>
<td>18</td>
<td>India</td>
<td>5.25</td>
</tr>
<tr>
<td>19</td>
<td>Russia</td>
<td>4.66</td>
</tr>
<tr>
<td>20</td>
<td>Brazil</td>
<td>4.34</td>
</tr>
</tbody>
</table>

---

**Public per Capita Spending on Education, 2015**

in US dollars

(FIG. 51)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Luxembourg</td>
<td>4,820</td>
</tr>
<tr>
<td>2</td>
<td>Switzerland</td>
<td>4,324</td>
</tr>
<tr>
<td>3</td>
<td>Sweden</td>
<td>4,203</td>
</tr>
<tr>
<td>4</td>
<td>Norway</td>
<td>4,050</td>
</tr>
<tr>
<td>5</td>
<td>Iceland</td>
<td>3,832</td>
</tr>
<tr>
<td>6</td>
<td>Denmark</td>
<td>3,749</td>
</tr>
<tr>
<td>7</td>
<td>USA</td>
<td>3,435</td>
</tr>
<tr>
<td>8</td>
<td>Austria</td>
<td>2,770</td>
</tr>
<tr>
<td>9</td>
<td>United Kingdom</td>
<td>2,633</td>
</tr>
<tr>
<td>10</td>
<td>The Netherlands</td>
<td>2,408</td>
</tr>
<tr>
<td>11</td>
<td>France</td>
<td>2,374</td>
</tr>
<tr>
<td>12</td>
<td>Ireland</td>
<td>2,168</td>
</tr>
<tr>
<td>13</td>
<td>Germany</td>
<td>1,738</td>
</tr>
<tr>
<td>14</td>
<td>Singapore</td>
<td>1,588</td>
</tr>
<tr>
<td>15</td>
<td>Hong Kong SAR</td>
<td>1,397</td>
</tr>
<tr>
<td>16</td>
<td>Italy</td>
<td>1,189</td>
</tr>
<tr>
<td>17</td>
<td>Japan</td>
<td>1,130</td>
</tr>
<tr>
<td>18</td>
<td>Brazil</td>
<td>570</td>
</tr>
<tr>
<td>19</td>
<td>Russia</td>
<td>347</td>
</tr>
<tr>
<td>20</td>
<td>China</td>
<td>307</td>
</tr>
<tr>
<td>21</td>
<td>India</td>
<td>49</td>
</tr>
</tbody>
</table>

Sources: IMD World Competitiveness Center 2017
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, Spanish, Portuguese, Russian, Chinese, Japanese

www.sbf.admin.ch
State Secretariat for Education, Research and Innovation (SERI)
Languages: German, English, French, Italian

www.wbf.admin.ch > Topics > Education, research and innovation
Overview of continuing training (providers and courses)
Language: German

www.up-vhs.ch
Swiss Adult Education Association
Languages: German, French

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

12.3 UNIVERSITIES AND COLLEGES
12.3.1 Universities and Institutes of Technology

Universities and Institutes of Technology
(FIG. 52)

www.up-vhs.ch
Swiss Adult Education Association
Languages: German, French

www.berufsberatung.ch
Advice on choosing a profession, higher education course and career
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

Sources: State Secretariat for Education, Research, and Innovation (SERI), 2017
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, Neuchatel), 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, of whom 50% 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).

Sources: berufsberatung.ch 2017
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. 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, and development services skills that 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, more than 100,000 children at 260 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 one of the best programs in the entire world.
12.4 INTERNATIONAL PRIVATE SCHOOLS AND BOARDING SCHOOLS

The Swiss education system also includes private schools. The more than 260 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 over 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 2015 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 21.7 billion spent on research and development in 2015, 72% (approx. CHF 15.6 billion) was financed by the private sector. The pharmaceutical industry (39%) and the engineering industry (12%) have the highest expenditure.

Relative to its population, Switzerland has the world’s second-highest proportion of Nobel laureates (Fig. 57). Switzerland even tops international rankings in terms of patent applications (see fig. 56).
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. 58).

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.

Further information on international collaborative research can be found in Section 4.2.4.
Scientific Publications, Average 2009–2013

(FIG. 58)

<table>
<thead>
<tr>
<th>NUMBER OF PUBLICATIONS PER 1000 INHABITANTS</th>
<th>SHARE OF WORLDWIDE PUBLICATIONS</th>
<th>NUMBER OF PUBLICATIONS PER RESEARCHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland 3.9</td>
<td>1.2%</td>
<td>0.86</td>
</tr>
<tr>
<td>Finland 3.5</td>
<td>0.7%</td>
<td>0.46</td>
</tr>
<tr>
<td>Denmark 3.4</td>
<td>0.8%</td>
<td>0.49</td>
</tr>
<tr>
<td>The Netherlands 3.4</td>
<td>2.3%</td>
<td>0.94</td>
</tr>
<tr>
<td>Sweden 3.2</td>
<td>1.2%</td>
<td>0.60</td>
</tr>
<tr>
<td>United Kingdom 2.3</td>
<td>5.7%</td>
<td>0.56</td>
</tr>
<tr>
<td>France 2.2</td>
<td>5.7%</td>
<td>0.58</td>
</tr>
<tr>
<td>USA 2.2</td>
<td>27.1%</td>
<td>0.55</td>
</tr>
<tr>
<td>Austria 1.8</td>
<td>0.6%</td>
<td>0.41</td>
</tr>
<tr>
<td>Italy 1.7</td>
<td>4.0%</td>
<td>0.93</td>
</tr>
<tr>
<td>Germany 1.6</td>
<td>5.3%</td>
<td>0.39</td>
</tr>
<tr>
<td>Japan 1.0</td>
<td>5.0%</td>
<td>0.19</td>
</tr>
<tr>
<td>China 0.2</td>
<td>8.4%</td>
<td>0.16</td>
</tr>
</tbody>
</table>

Sources: State Secretariat for Education, Research, and Innovation (SERI), 2017

Research Establishments in Switzerland

(FIG. 59)

<table>
<thead>
<tr>
<th>INSTITUTION</th>
<th>LOCATION</th>
<th>HOMEPAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CERN</td>
<td>European Organization for Nuclear Research</td>
<td><a href="http://www.cern.ch">www.cern.ch</a></td>
</tr>
<tr>
<td>EAWAG</td>
<td>Aquatic research institute of the ETH</td>
<td><a href="http://www.eawag.ch">www.eawag.ch</a></td>
</tr>
<tr>
<td>EMPA</td>
<td>Swiss Federal Laboratories for Materials Science + Technology</td>
<td><a href="http://www.empa.ch">www.empa.ch</a></td>
</tr>
<tr>
<td>PSI</td>
<td>Paul Scherrer Institute</td>
<td><a href="http://www.psi.ch">www.psi.ch</a></td>
</tr>
<tr>
<td>SLF</td>
<td>Swiss Federal Institute for Snow and Avalanche Research</td>
<td><a href="http://www.sif.ch">www.sif.ch</a></td>
</tr>
<tr>
<td>The Graduate Institute</td>
<td>The Graduate Institute of International and Development Studies</td>
<td><a href="http://www.graduateinstitute.ch">www.graduateinstitute.ch</a></td>
</tr>
<tr>
<td>WSL</td>
<td>Swiss Federal Institute for Forest, Snow and Landscape Research</td>
<td><a href="http://www.wsl.ch">www.wsl.ch</a></td>
</tr>
</tbody>
</table>

Sources: Swiss National Science Foundation (SNSF)
12.6 SWITZERLAND INNOVATION – THE SWISS INNOVATION PARK

Switzerland Innovation, Switzerland’s innovation park, offers technology companies space to cooperate with leading international universities, including the prestigious Swiss Federal Institutes of Technology (ETH Zurich and EPFL), and to use research results to develop marketable products and services. Switzerland Innovation thrives off of interdisciplinary cooperation between science and industry, which opens up new ways of marketing for a new era.

Switzerland Innovation’s technology parks are the ideal location for research-oriented companies to develop their next groundbreaking or highly profitable product. Switzerland thus lives up to its reputation as the most innovative country in the world.

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. This productive scientific environment offers the perfect platform for disruptive innovation in all of the innovation focus areas. Scientific collaboration with internationally renowned professors and innovative spin-offs enables the research and development teams of large corporations and creative start-ups to shape the future with new innovations and product developments.

Switzerland Innovation Park Zurich

In close proximity to the top-ranking Swiss Federal Institute of Technology (ETH) Zurich and the University of Zurich, Switzerland Innovation Park Zurich is creating a new platform for research, development and innovation. The first projects in this park came from the areas of robotics and mobility, space travel, and financial and blockchain technology. For example, the ETH intends to establish a robotics and mobility hub to promote collaboration between academic research, companies, and start-ups.

Switzerland Innovation Park Basel Area

The Switzerland Innovation Park Basel Area offers a platform and infrastructure for innovative research and development groups that want to settle close to the world’s leading companies in the sectors of health and life sciences. For example, the “Advanced Osteotomy Tools” spin-off of the University Hospital Basel and the University of Basel deals with robotic surgery and completely redefines bone surgery (osteotomy) through the use of lasers, robotics, and navigation systems.

Innovation Focus Areas and Specialist Areas

Sources: Switzerland Innovation; own representation of S-GE
Switzerland Innovation Park Innovaare
Switzerland Innovation Park Innovaare is a unique innovation center near the Paul Scherrer Institute (PSI) that boasts large-scale, state-of-the-art research facilities. Based on PSI’s special expertise, innovations in the area of accelerator technology, new materials and processes, people and health, and energy are brought to market maturity.

Switzerland Innovation Park Biel/Bienne
Switzerland Innovation Park Biel / Bienne has four competence centers – modern production techniques, battery technology, medical technology and smart factory – as well as five priority areas for research and development: health and life sciences; energy, environment and natural resources; manufacturing and materials; computer and information technology; and mobility and transport. Its laboratories and research services are available for SMEs and start-ups and it supports them in development and implementing marketable products.

12.6.3 Target Audience
The strategic position of Switzerland Innovation at the forefront of global research attracts many highly innovative businesses. Nowhere else offers such a wide range of new technologies and the combined expertise of some of the world’s leading experts making breakthrough innovations a reality. 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. Target groups include:

- Medium-sized and large technology 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 research and development and innovation activities.
- Research groups, the research and development teams of corporations, and start-ups.

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. This includes, among others:

- Support for cooperation with world-class academic partners and easy access to the best talent and researchers.
- A network of thriving high-tech start-ups and spin-offs.
- A platform for the exchange of ideas and for partnering with the research and development teams of international companies.
- Industrial liaison officers who help R & D personnel to expand their options.
- Approximately 200,000 square meters of high-quality laboratories, offices, conference rooms and co-working spaces; large research institutions with accelerator facilities.
- A business-friendly and politically stable environment; access to research funding from Switzerland and the EU; very high quality of life that is attractive to top talents and their families.

www.switzerland-innovation.com
Switzerland Innovation Foundation
Languages: German, English, French
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, Geneva, Basel, and Bern have for years occupied the top spots in global rankings of cities compiled by the global consultancy firm Mercer (see fig. 61).

International Comparison of Quality of Life, 2017

<table>
<thead>
<tr>
<th>Rank</th>
<th>City</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Vienna, Austria</td>
<td>Austria</td>
</tr>
<tr>
<td>2</td>
<td>Zurich, Switzerland</td>
<td>Switzerland</td>
</tr>
<tr>
<td>3</td>
<td>Auckland, New Zealand</td>
<td>New Zealand</td>
</tr>
<tr>
<td>4</td>
<td>Munich, Germany</td>
<td>Germany</td>
</tr>
<tr>
<td>5</td>
<td>Vancouver, Canada</td>
<td>Canada</td>
</tr>
<tr>
<td>6</td>
<td>Düsseldorf, Germany</td>
<td>Germany</td>
</tr>
<tr>
<td>7</td>
<td>Frankfurt, Germany</td>
<td>Germany</td>
</tr>
<tr>
<td>8</td>
<td>Geneva, Switzerland</td>
<td>Switzerland</td>
</tr>
<tr>
<td>9</td>
<td>Copenhagen, Denmark</td>
<td>Denmark</td>
</tr>
<tr>
<td>10</td>
<td>Basel, Switzerland</td>
<td>Switzerland</td>
</tr>
<tr>
<td>11</td>
<td>Sydney, Australia</td>
<td>Australia</td>
</tr>
<tr>
<td>12</td>
<td>Amsterdam, Netherlands</td>
<td>Netherlands</td>
</tr>
<tr>
<td>13</td>
<td>Berlin, Germany</td>
<td>Germany</td>
</tr>
<tr>
<td>14</td>
<td>Bern, Switzerland</td>
<td>Switzerland</td>
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<tr>
<td>16</td>
<td>Toronto, Canada</td>
<td>Canada</td>
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<tr>
<td>21</td>
<td>Luxemburg, Luxemburg</td>
<td>Luxemburg</td>
</tr>
<tr>
<td>25</td>
<td>Singapore, Singapore</td>
<td>Singapore</td>
</tr>
<tr>
<td>34</td>
<td>Dublin, Ireland</td>
<td>Ireland</td>
</tr>
<tr>
<td>38</td>
<td>Paris, France</td>
<td>France</td>
</tr>
<tr>
<td>40</td>
<td>London, United Kingdom</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>41</td>
<td>Milan, Italy</td>
<td>Italy</td>
</tr>
<tr>
<td>44</td>
<td>New York, USA</td>
<td>USA</td>
</tr>
</tbody>
</table>

Sources: Mercer Survey, Quality of Living Rankings, 2017
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. An international comparison of the most attractive countries has ranked it number 1 for several years (see fig. 63) 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.”
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.

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.

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.

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.
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.

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 market leaders in 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.

13.5 INSURANCE
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 “GA travelcard,” a 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” 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 travelcard” can travel for free with their parents, as can those with the “Children’s Co-travelcard” when accompanied by an adult. Young people between the ages of 16 and 25 can ride free in 2nd class cars after 7 p.m. with the “Track 7” pass. Although these special rates benefit people living in Switzerland, tourists can also benefit from offers that are designed especially for them.

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, 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 1,100 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 of 2017). It’s therefore hardly surprising that the sport is extremely popular, even among amateur players.

Real Disposable Income of Swiss Municipalities, 2016

13.8 INCOME AND COST OF LIVING

The average Swiss household has 2.17 inhabitants with a combined monthly earned income of 7,566 Swiss francs. Together with income from other sources and transfer income, gross income totals 9,946 Swiss francs. 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. 64).

According to a UBS study (Fig. 66), Switzerland is in first place with the world’s highest purchasing power, i.e. the highest real disposable income when compared with prices.
### Average Household Budget, 2015 (CHF) (FIG. 65)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GROSS INCOME</strong></td>
<td>9,946</td>
<td>100.0%</td>
</tr>
<tr>
<td>Mandatory transfer expenses</td>
<td>-2,773</td>
<td>-27.9%</td>
</tr>
<tr>
<td>Social security contributions</td>
<td>-976</td>
<td>-9.8%</td>
</tr>
<tr>
<td>Taxes</td>
<td>-1,208</td>
<td>-12.1%</td>
</tr>
<tr>
<td>Health insurance: premiums for basic cover</td>
<td>-589</td>
<td>-5.9%</td>
</tr>
<tr>
<td>Monetary transfer expenses to other households</td>
<td>-215</td>
<td>-2.2%</td>
</tr>
<tr>
<td><strong>DISPOSABLE INCOME</strong></td>
<td>6,957</td>
<td>70.0%</td>
</tr>
<tr>
<td>Other insurance, fees, and transfers</td>
<td>-582</td>
<td>-5.8%</td>
</tr>
<tr>
<td><strong>CONSUMER SPENDING</strong></td>
<td>-5,298</td>
<td>-53.3%</td>
</tr>
<tr>
<td>Foodstuffs and non-alcoholic drinks</td>
<td>-627</td>
<td>-6.3%</td>
</tr>
<tr>
<td>Alcoholic drinks and tobacco</td>
<td>-108</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Restaurants and accommodation</td>
<td>-571</td>
<td>-5.7%</td>
</tr>
<tr>
<td>Clothing and shoes</td>
<td>-222</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Living costs and energy</td>
<td>-1,458</td>
<td>-14.7%</td>
</tr>
<tr>
<td>Furnishings and ongoing household costs</td>
<td>-235</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Health spending</td>
<td>-261</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Transportation</td>
<td>-759</td>
<td>-7.6%</td>
</tr>
<tr>
<td>Communication</td>
<td>-187</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Entertainment, recreation, and culture</td>
<td>-557</td>
<td>-5.6%</td>
</tr>
<tr>
<td>Other goods and services</td>
<td>-314</td>
<td>-3.2%</td>
</tr>
<tr>
<td><strong>SPORADIC INCOME</strong></td>
<td>311</td>
<td>3.1%</td>
</tr>
<tr>
<td><strong>SAVINGS</strong></td>
<td>1,388</td>
<td>14.0%</td>
</tr>
</tbody>
</table>

Number of people per household (median): 2.17

### International Comparison of Purchasing Power, 2015 (FIG. 66)

<table>
<thead>
<tr>
<th>City</th>
<th>Hourly wage divided by total cost of goods, including rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxembourg</td>
<td>134.3</td>
</tr>
<tr>
<td>Zurich</td>
<td>130.5</td>
</tr>
<tr>
<td>Geneva</td>
<td>127.5</td>
</tr>
<tr>
<td>Munich</td>
<td>104.2</td>
</tr>
<tr>
<td>Frankfurt</td>
<td>102.0</td>
</tr>
<tr>
<td>Berlin</td>
<td>101.9</td>
</tr>
<tr>
<td>New York</td>
<td>100.0</td>
</tr>
<tr>
<td>Lyon</td>
<td>96.9</td>
</tr>
<tr>
<td>Paris</td>
<td>92.4</td>
</tr>
<tr>
<td>Dublin</td>
<td>91.4</td>
</tr>
<tr>
<td>Brussels</td>
<td>90.9</td>
</tr>
<tr>
<td>Oslo</td>
<td>86.6</td>
</tr>
<tr>
<td>London</td>
<td>85.3</td>
</tr>
<tr>
<td>Amsterdam</td>
<td>81.7</td>
</tr>
<tr>
<td>Rome</td>
<td>80.8</td>
</tr>
<tr>
<td>Tokyo</td>
<td>80.0</td>
</tr>
<tr>
<td>Hong Kong SAR</td>
<td>70.4</td>
</tr>
<tr>
<td>São Paulo</td>
<td>65.4</td>
</tr>
<tr>
<td>Copenhagen</td>
<td>64.5</td>
</tr>
<tr>
<td>Moscow</td>
<td>41.4</td>
</tr>
<tr>
<td>Shanghai</td>
<td>29.6</td>
</tr>
<tr>
<td>Beijing</td>
<td>23.6</td>
</tr>
<tr>
<td>Mumbai</td>
<td>20.3</td>
</tr>
</tbody>
</table>

Sources: UBS, Prices and Earnings 2015

Sources: Swiss Federal Statistical Office (FSO), 2017

www.bfs.admin.ch > Look for statistics > Economic and social situation of the population > Income, consumption, and wealth
Statistics on income, consumption, and wealth
Languages: German, English, French, Italian
INVESTMENT PROMOTION

14.1  Your entry point for investing in the canton of Vaud ..... 149
14.2  Economic Development Instruments .......................... 150
Investment promotion is an important part of Vaud’s economic policy and takes the form of close cooperation between businesses, the state, the cantons, and the Economic Development Canton of Vaud (DEV). The activities used to promote foreign direct investment in Switzerland are organized and coordinated by the DEV on behalf of the state.

14.1 YOUR ENTRY POINT FOR INVESTING IN THE CANTON OF VAUD

Promoting the economy, assisting the development of new businesses, and creating new jobs - that is the role of the Economic Development Canton of Vaud (DEV).

DEV is a private non-profit association financed by the canton of Vaud and its members. It essentially works as a host and support organization for foreign businesses that are in the process of establishing their activities in Vaud.

In detail, DEV fulfills the following four specific roles:

- Providing a one-stop-shop to foreign companies wishing to set up in Vaud.
- Accompanying and supporting companies after their incorporation at the register of commerce.
- Taking part in targeted prospecting around the world in collaboration with the representations of the Greater Geneva Bern area and Switzerland Global Enterprise.
- Assisting local companies in developing international business, most notably via missions abroad.

Becoming a member of DEV means benefiting from a vast international network and from synergies with local partners. Key dates such as the general assembly and an annual event at which recently established businesses present themselves are particularly appreciated by our members.

DEV operates in close consultation with both private partners (i.e., banks, notaries, lawyers, and trustees) as well as public partners. In particular, it works with the Department of Economy, Innovation, and Sport (DEIS) via the Office for Economic Affairs (SPECo), and with the Department of Finance and External Relations (DFIRE) via the Cantonal Tax Administration (ACI).

It also has strong relations with the regional associations for economic development under the aegis of the Vaud Economic Development Coordination Agency (CODEV). Furthermore, it works in conjunction with Innovaud – the dedicated innovation platform – and has close ties to the universities and institutes of higher education, including the School of Management and Engineering Vaud (HEIG-VD), the École polytechnique fédérale de Lausanne (EPFL), and the University of Lausanne (UNIL).
14.2 ECONOMIC DEVELOPMENT INSTRUMENTS

Switzerland operates a liberal economic policy that focuses on optimum structuring and support of the business environment for entrepreneurs. Since the support measures available differ depending on the nature of the investment project, each potential project is discussed with both the GGBa and the cantonal economic development agencies.

14.2.1 At the Cantonal Level

Each canton has a variety of instruments at its disposal for assisting investors. Depending on the project and its potential added value, particularly in job creation, cantonal authorities may grant financial assistance or tax relief.

14.2.2 Tax Relief as Part of Regional Policy

The New Regional Policy (NRP) is designed to improve framework conditions for entrepreneurial activities, with a vision of innovation promotion, generating added value, and encouraging competitiveness in defined regions. In respect of regional policy, applications for tax relief should be filed with the canton. The cantonal economic development agencies can advise investors on how to proceed and provide support throughout the process.

See also section 9.4.3 on this subject.

www.seco.admin.ch > Topics > Promotion activities > SME policy

Examples of Cantonal Business Promotion Instruments

<table>
<thead>
<tr>
<th>AREA</th>
<th>TYPE OF SUPPORT AVAILABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real estate</td>
<td>– Provision of sites and premises</td>
</tr>
<tr>
<td></td>
<td>– Subsidies for planning and/or developing industrial sites</td>
</tr>
<tr>
<td></td>
<td>– Subsidies for conversion of plant buildings</td>
</tr>
<tr>
<td>Taxes</td>
<td>– Tax reliefs</td>
</tr>
<tr>
<td></td>
<td>– Tax rulings</td>
</tr>
<tr>
<td>Funding</td>
<td>– Warranties and guarantees for bank loans</td>
</tr>
<tr>
<td></td>
<td>– Assistance with and management of interest rates</td>
</tr>
<tr>
<td></td>
<td>– Interest-free or low-interest loans</td>
</tr>
<tr>
<td></td>
<td>– One-off grants (outright grants)</td>
</tr>
<tr>
<td>Other</td>
<td>– Support for innovation</td>
</tr>
<tr>
<td></td>
<td>– Employment grants</td>
</tr>
<tr>
<td></td>
<td>– Training allowances</td>
</tr>
<tr>
<td></td>
<td>– Unemployment insurance allowances</td>
</tr>
</tbody>
</table>

Source: legal guidelines and cantonal economic development agencies documentation

Areas of Application for Tax Breaks, 2016

(Fig. 68)

Areas of application as per DEA directive of July 1, 2016

Sources: State Secretariat for Economic Affairs (SECO), 2017
14.2.3 Innosuisse
Innosuisse is the Swiss Innovation Agency. It funds science-based innovation in the interests of industry and society with the objective of increasing the competitiveness of small and medium-sized enterprises (SMEs) in Switzerland. Innosuisse is committed to giving SMEs the scope to take calculated risks and promote a disruptive approach to problem-solving. By promoting innovative business models and forging international partnerships, Innosuisse opens up new horizons for SMEs. The focus is particularly on protecting intellectual property.

Innosuisse 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, Innosuisse 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 technology-based companies with great market potential. Innosuisse’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.

14.2.4 Switzerland Innovation
Innovation is the driver of the Swiss economy. In order to maintain its position as a world leader in innovation and to ensure its competitiveness for the coming decades, Switzerland has created a multi-site structure of international scope dedicated to businesses active in R&D. Renowned for its academic institutions and its capacity for innovation, Vaud is the only Swiss canton along with Zurich to have a university and a polytechnic institute, as well as various other institutes of higher education. To enable the knowledge created there to be transformed into concrete economic applications, the canton has established a support program for innovation that aims to leverage the existing potential in the region, both in terms of research institutes and businesses (start-up, small and medium-sized, and multinationals). Six innovation parks have been created over the last decade or so and provide access to this pool of new technologies to any firm looking to boost its capacity for innovation.

The sheer density of research institutes present in the canton and the region provides access to a talent pool that is uniquely cross-disciplined by virtue of the institutes involved and the skills that are available:

- in design via the ECAL;
- in services and marketing via the EHL;
- in sciences and technologies via the EPFL and the HEIG-VD;
- in management and law via the IMD, the UNIL, and the HEIG-VD;
- in clinical testing via the CHUV and the Ludwig Institute;
- in oncology via the CHUV and Agora;
- in e-health via the Swiss Institute of Bioinformatics;
- in IT security via the EPFL and the HEIG-VD; and in data science via the EPFL and the HEIG-VD.

14.2.5 Switzerland Global Enterprise (S-GE)
Acting on behalf of the State Secretariat for Economic Affairs (SECO) and the Swiss 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. The offices S-GE maintains abroad are known as “Swiss Business Hubs”. Its services for foreign companies include assessing the potential of their projects before they are presented to the cantons.

14.2.6 Greater Geneva Bern area (GGBa)
The GGBa is the official investment promotion agency for Western Switzerland, bringing together the cantons of Bern, Fribourg, Vaud, Neuchâtel, Geneva and Valais. Its mission is to provide support to foreign companies allowing them to get established quickly and develop their activities in the region. Since its creation in 2010, the GGBa, in cooperation with the cantonal economic promotion agencies, has guided hundreds of companies from around the world in launching successful business operations in Switzerland.
14.2.7 Technology Parks and Business Incubators

FIG. 69

Sources: gruenden.ch, in-house graphic

NATIONAL ORGANIZATIONS
Technopark-Allianz
www.technopark-allianz.ch
SwissParks – Association of Swiss Technology Parks and Business Incubators
www.swissparks.ch
Coworking Schweiz, Interest group
www.coworking-schweiz.ch
Switzerland Innovation, innovation park at 5 locations
www.switzerland-innovation.com

WESTERN SWITZERLAND
1 EPFL Innovation Park, Lausanne
www.epfl-innovationpark.ch
2 Biopôle Business Park Lausanne, Epalinges (Life Sciences)
www.biopole.ch
3 La Fondation des Ateliers de la Ville de Renens, Renens
www.ateliersvdr.ch
4 TecOrbe, Cleantech, Orbe
www.tecorbe.ch
5 Y-Parc – Swiss Technopole, Yverdon-les-Bains
www.y-parc.ch
6 Center for microwelding, Sainte-Croix (VD)
www.technopole1450.ch
7 Aéropôle Broye, aviation and aerospace industry, Payerne
www.aeropole.ch
8 Campus Biotech, Geneva
www.campusbiotech.ch
9 Impact Hub Geneva
http://geneva.impacthub.net
10 Ecloision SA, incubator, Plan-les-Ouates
www.eclosion.com
11 FONGIT, technology center, Plan-les-Ouates
www.fongit.ch
12 Neode Parc center for micro/nanotechnology, Neuchâtel
www.neode.ch
13 Neode Parc center for micro/nanotechnology, La Chaux-de-Fonds
www.neode.ch
14 Bluefactory, innovation center, Fribourg
www.bluefactory.ch
15 Fri Up, business incubator, Fribourg
www.friup.ch
16 Fri Up, business incubator south, Vaulruz
www.friup.ch
17 Fri Up, business incubator north, Murten
www.friup.ch
18 Innovation Lab Fribourg
www.innolabfribourg.ch
19 Marly Innovation Center, Marly
www.marly-innovation-center.org
20 Venturi Startup accelerator, Villaz-St-Pierre
http://venturi.vivier.ch
21 Le Vivier, Technology park, Villaz-St-Pierre
www.vivier.ch
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Swiss Business Hub

Investment promotion (target markets)

Sources: compiled by the author S-GE
15.1 KEY PARTNERS OF THE ECONOMIC PROMOTION, CANTON OF VAUD

The Economic Promotion serves to support the creation and development of local companies as well as the establishment of foreign companies in the canton of Vaud. It gathers together four key partners: the Office for Economic Affairs (SPECo), Innovaud, the Economic Development Canton of Vaud (DEV) and regional economic development agencies. They are supported by a large network of organizations that provide tailor-made and free of charge solutions regardless of the needs, field of activity or stage of development.

15.1.1 SPECo
The Office for Economic Affairs supports companies established in the canton of Vaud, and more particularly those active in the sectors of industry and advanced technologies.

The SPECo advises and informs entrepreneurs by putting them in touch with the appropriate organizations according to their specific needs. The SPECo can also provide direct financial support as well as advice on tax exemption issues.

15.1.2 Innovaud
Innovaud is the gateway to innovation in the canton of Vaud. By offering free support to startups, scaleups and innovative SMEs in the region, Innovaud focuses on high-tech or new approaches to innovation. This support includes: funding, support, promotion, hosting and networking. Innovaud is an initiative of the State of Vaud promoted by the Department of Economy, Innovation and Sport (DEIS) and the Department of Education, Youth and Culture (DFJC).

15.1.3 DEV
The Economic Development Canton of Vaud promotes foreign investments and the establishment of new businesses in the region. In order to fulfills its mission, it works with both private partners (banks, notaries, lawyers, etc.) and public partners (various state services). It offers free advice on administrative procedures, financing, and gives newcomers access to its extensive network, tailored to each individual’s needs. The DEV is mandated by the Department of Economy, Innovation and Sport of the State of Vaud (DEIS).

15.1.4 Regional economic development agencies
The regional agencies support and advise businesses at the local level. They offer information, referral and advisory services in the fields of economic promotion, business creation and business development. In particular, they manage a database of locations and premises available locally.

The activities of the regional agencies are coordinated by the Vaud Economic Development Coordination Agency (CODEV).
15.2 SERVICES
The Economic Promotion of the canton of Vaud and its network of partners provide free assistance and support services. These services are intended for startups as well as for SMEs or multinationals.

SETTING UP A BUSINESS
All the information required to create a new company will be provided, notably the choice of legal form, the costs involved, and the time it will take.

RECRUITING STAFF
All the information you require regarding the steps that need to be followed when taking on staff, visas, work permits and payment of salaries is available. The Economic Promotion will support you in the various procedures vis-à-vis federal administration and put you in touch with institutes of higher education and universities as well as the main recruitment agencies and relocation companies.

FINDING LAND OR PREMISES
The canton of Vaud has a large amount of land available for construction as well as buildings which can house administrative, commercial, industrial and technological activities. The Economic Promotion can help you find and identify the best choices of sites and locations based on your needs.

LOOKING FOR FINANCING
Several organizations can support companies financially, be it for their creation, development or implantation. The canton offers financial aid to businesses active in the sectors of industry and technology, which is designed to promote innovation and investment as well as the development of international markets. Furthermore, it connects entrepreneurs with venture capital companies, networks of business angels and banks based in the canton and the surrounding region.

UNDERSTANDING THE FISCAL FRAMEWORK AND ADVANTAGES
Taxation on companies in Switzerland is more moderate and less cumbersome in administrative terms than in most other western nations and is one of the main advantages that the country has in terms of economic competitiveness. Compared with other cantons, Vaud has an attractive normal tax rate as well as other fiscal advantages.

DEVELOPING AN INNOVATION PROJECT
The canton of Vaud, the Swiss Confederation and a certain number of actors in the private sector provide particular support to companies which are innovating and developing activities in leading technology sectors. Several programs and means of support have been implemented in the canton of Vaud to encourage innovation within SMEs and startups and to promote the transfer of technologies between institutes of higher education and industry.

ACTIVATE OUR NETWORK
The Economic Promotion has a significant network of partners that can provide you with targeted services based on your needs, your sector of activity and the stage of your company’s development. Find out how this unique and efficient network can help you.

For more information on the services of the Economic Promotion of the canton of Vaud visit: invest-vaud.swiss
15.3 DEV’S TEAM

Jean-Frédéric Berthoud
Director
jean-frederic.berthoud@dev.ch

Francois Cornu
Senior Project Director
francois.cornu@dev.ch

Frédéric Reymond
Senior Project Director
frederic.reymond@dev.ch

Yuliya Blaser
Project Director
yuliya.blaser@dev.ch

Lara Schneiter
Executive Assistant
lara.schneiter@dev.ch

Sandra Favre
Responsible for Real Estate
sandra.favre@dev.ch

Tamara Megert
Project Director Assistant
tamara.megert@dev.ch

Yan Tavares
Project Director Assistant
yan.tavares@dev.ch

Economic Development
Canton of Vaud
Avenue de Gratta-Paille 2
1018 Lausanne – Switzerland
+41 21 644 00 60
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