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.
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”.

Stable Political System

Image
ARC J-B Sieber, Vaud parliament, Lausanne
Liberal Business Environment

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.
SWITZERLAND – YOUR BUSINESS LOCATION

“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.