Swiss Accounting Regulations and Auditing Requirements

A number of clients and contacts ask for general details regarding Swiss accounting and audit requirements. Here is a brief summary.

By **Christine Breitler**, 19th October 2022

A number of clients and contacts ask for general details regarding Swiss accounting and audit requirements, and we have therefore provided the following summary.

All Swiss companies have to register with the Swiss Commercial Registry and have their accounting undertaken by a Swiss accountant or by a Swiss Certified Public Accountant.

Swiss Accounting Regulations and Chart of Accounts

A chart of accounts is a list of financial accounts set up, usually by an accountant, for an organisation, and available for use by the bookkeeper for recording transactions in the organisation's general ledger.

There is no official chart of accounts in Switzerland. Certain industries nonetheless are governed by Swiss accounting regulations and Swiss GAAP.

Companies can refer to principles defined by:

- Swiss Law
- The Swiss Audit Manual
- IAS

- US-GAAP Standards

Company Obligations

The Board of Directors of a Swiss company is required to produce an annual report for each financial year, within six months of the end of the relevant financial year.

Every company has to keep physical or digital records of all its business transactions for a period of ten years.

Annual Reports

The annual report consists of the Swiss company's financial statements in the form of, the balance sheet, profit and loss account, the corresponding notes, and a management report.

The annual report includes the turnover for the preceding financial year and must follow the Swiss accounting principles (see below).

The annual report, together with the corporate tax return, must be filed with the relevant cantonal tax authority by 30 November of the calendar year (at the latest), following the end of the financial year.

Publishing Results

In Switzerland, publication requirements are very limited. Only individual and consolidated financial statements of listed companies must be published.

Swiss Audit Requirements

The organisation's size and economic importance of the Swiss company determine whether a company is subject to an ordinary or limited audit. Under certain conditions, smaller companies are not audited.

1. Ordinary Audit

This is required, if for two consecutive fiscal years, two of the threshold values, detailed below, are exceeded.

a. Balance sheet of CHF 20 million or more,

a. Turnover of CHF 40 million or more,

a. 250 or more full-time employees.

A company must also undergo an ordinary audit; if it has an obligation to consolidate, or if a group of shareholders holding at least 10% of the company's shares request such an audit to be performed.

An ordinary audit may be specified in the company's articles of incorporation or voted on a general meeting.

2. Limited Audit

Most Swiss SMEs do not meet the above criteria and are therefore subject to a limited audit.

This requires a summary report to be sent to the members of the general meeting. The process includes an interview with the management, verification of details and an analytical audit.

3. No Audit

If the company employs less than 10 full-time employees and all of the shareholders unanimously consent, it is not necessary to carry out an audit (opting-out).

Swiss Holding Company: Consolidating Financial Statements

Every Swiss holding company must establish consolidated accounts according to the Swiss Code of Obligations.

Consolidation means aggregating annual reports from the different companies which make up the group to obtain a single annual report describing the situation of the group.

In terms of Swiss accounting law, two or more companies form a group, if they meet the following two conditions:

1. If 50% of the company are held by the Group, holding company of the Group, or by another company within the Group.

1. If they have similar objectives and purpose.

Small groups are exempt from consolidating their accounts and are so defined if they meet two of the three following criteria:

- A total balance sheet less than CHF10 million,
- Fewer than 200 employees,
- A turnover of less than CHF20 million.

The company must also conform to the conditions detailed below:

- The company must not have shares quoted on the stock market.
- No shareholder, owning more than 10% of the capital has demanded consolidation.

Swiss Accounting Principles

- **Swiss Financial Reporting Principles**

Financial reporting serves the purpose of presenting the economic situation of a company in such a way to enable third parties to make a reliable judgement.

Financial reporting is based on the assumption that the company will remain an “going concern” for the foreseeable future and is not in danger of insolvency.

- **Currency and Languages**

Accounting in Switzerland is carried out in Swiss francs (CHF) or in any other currency required for business operations. If a foreign currency is used, values must also be shown in Swiss francs.

The foreign exchange rates used are those as published by the Swiss Federal Tax Administrator and must be disclosed in the notes.

Swiss accounting has to be undertaken in one of the official Swiss languages or in English. It may be carried out in writing, electronically, or in a comparable manner.

- **Swiss Accounting Principles**

The Dixcart office in Switzerland can provide you with comprehensive details regarding Swiss Accounting Principles. If you would like further information, please contact: advice.switzerland@dixcart.com

Additional Information

Please do not hesitate to contact our office in Switzerland, if you have any further questions or would like a cost estimate for the services that we can provide: advice.switzerland@dixcart.com