

## Swiss Regulation: 2023 Overview and What to Expect in 2024

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By **Christine Breitler**, 25th January 2024

### The Reputation of Swiss Companies

Even by the end of January 2024, Switzerland had already introduced new regulations, which will influence various aspects of business operations, demanding attention, and adaptation from enterprises both large and small.

Notable changes for 2024 include:

#### **A. Increase of Swiss VAT rates:**

Effective January 1, 2024, The VAT on goods and services has experienced an increase, climbing from 7.7% to 8.1%. Similarly, the reduced rate has undergone an increase, moving from 2.5% to 2.6%.

#### **B. Multinationals Minimum Corporate Tax:**

In a global context, Switzerland aligns itself with the evolving international tax landscape by implementing the Multinationals Minimum Corporate Tax. In adherence to the OECD/G20 directives, large multinational entities find themselves subject to a baseline tax rate of 15%.

#### **C. Abolition of Swiss Import Duties:**

Notably, the year 2024 sees the abolition of Swiss import duties. The elimination of industrial tariffs not only streamlines the Swiss tariff structure but also places Switzerland in a competitive situation with other global economies.

## **2023 Overview**

Please see below a detailed overview of the key developments, that took place in 2023:

### **A. Treaties**

Switzerland and the UK signed a bilateral treaty on 21 December 2023 for mutual recognition in financial and insurance services. This treaty is based on mutual recognition of the equivalent respective national laws and regulations. It aims to enhance competitiveness and collaboration between these two major European financial centres, both operating independently from the EU. Common standards will be used for cross-border financial services in areas such as; insurance, banking, asset management and capital markets.

### **B. Data Protection Law (FADP)**

The Federal Act on Data Protection, effective since 1 September 2023, aligns Swiss regulations with EU standards. FADP ensures the free movement of data with the EU, keeping Swiss companies highly competitive.

FADP introduced several obligations for companies, whether Swiss or international, that provide goods or services to Swiss citizens and processes their sensitive data. These include:

- Communicate individuals' rights and data collection to users and act according to their privacy preferences. Users must consent to the utilisation of their data.
  
- Maintain updated records of processing activities.
  
- Conduct Data Protection Impact Assessments.

- Foreign companies must appoint a Swiss representative for data-related matters.
- Train employees on data protection and privacy.
- Notify users, the appropriate authorities, and shareholders of data breaches.
- Companies can be fined up to CHF 50,000.
- Wilful breaches may lead to fines of up to CHF 250,000.

### **C. Corporate Law Reform**

Swiss Corporate Law changed significantly offering more flexibility in various areas, outlined below:

#### **1. Share Capital**

- Companies can denominate their share capital in EUR, USD, GBP or JPY, provided the respective currency is the functional and financial reporting currency.
- Minimum nominal value of a share can be any low fraction, as long as it is greater than zero.
- Share capital can be increased/decreased within a predefined bandwidth of up to 50%, during a maximum period of five years, with potential tax benefits.

#### **2. Interim Dividends**

Companies can pay interim dividends out of the current year's earnings based, on an interim balance sheet.

### **3. Audit Requirement**

Companies must have their financial statements audited by an external auditor, if their net assets no longer cover half their nominal share capital and the portion of the statutory capital and profit reserve, that is legally restricted or reserved for specific purposes.

### **4. Shareholders and Board Resolutions**

Various meeting formats, including physical, virtual, multi-location and circular resolutions, have been introduced to accommodate modern communication methods.

Read more about these obligations here [Swiss Director Obligations: Why It Is Important to Get It Right \(dixcart.com\)](#)

### **5. Minority Shareholder Protection**

The reforms strengthen minority shareholder protection by; simplifying procedures and expanding their rights, increasing transparency, and promoting efficient/electronic communication:

1. Lowered thresholds for requesting Shareholders General Meetings and adding agenda items.
  
1. Elimination of certain thresholds.
  
1. Right to request company information (10% share capital/votes), and inspect records (5%).
  
1. Board of Directors must respond within four months.
  
1. Modernised annual report communication with electronic accessibility.

This simplified summary highlights the main changes introduced by Swiss Corporate Law Reform. For further information, please refer to our article [Swiss Corporate Law Reform: The Key Changes \(dixcart.com\)](#)

#### D. Anti-Money Laundering

Since 1 January 2023, any association which primarily collects or distributes assets abroad for charitable, religious, cultural, educational, or social purposes must be registered with the Commercial register. Registered associations must maintain a member list and have a Swiss-domiciled representative.

**The compliance deadline is 30 June 2024.**

#### **Additional Information**

The Dixcart Office in Switzerland can provide a detailed understanding regarding Swiss corporations, their incorporation, management, and administration. We can also detail the obligations that need to be met.

If you need further information and/or require guidance regarding completion of a Swiss corporate tax return, please get in touch: [advice.switzerland@dixcart.com](mailto:advice.switzerland@dixcart.com).