ASSOCIATION FOR FINANCIAL PROFESSIONALS

Underwritten by PNC

CASH AND TREASURY MANAGEMENT
COUNTRY REPORT

SWITZERLAND

Executive Summary

Banking

Switzerland's central bank, the Swiss National Bank (SNB), is an independent body with sole responsibility for monetary policy as well as other central bank functions, such as banker to the state, lender of last resort and issuer of notes and coin. The SNB is also charged with maintaining economic stability and growth, but regulatory supervision is undertaken by the Swiss Financial Market Supervisory Authority (FINMA).

Switzerland imposes no central bank reporting requirements and Swiss banking law makes no distinction between accounts held by resident and non-resident entities. As such, both resident and non-resident entities may hold fully convertible domestic and foreign currency bank accounts within and outside Switzerland.

The banking system is dominated by Switzerland's two global universal banks, UBS and Credit Suisse, but also includes 24 cantonal (state guaranteed) banks, 60 regional and savings banks, and many domestic and foreign-owned private banks and wealth management firms. The Raiffeisen credit-cooperative organization has 246 member banks and the Swiss Post's PostFinance arm plays a major role in retail banking. A significant number of international banks are present in Switzerland.

Payments

Switzerland's SIC (SIX Interbank Clearing) system clears all payments regardless of value, but PostFinance also clears credit transfers and direct debits bilaterally.

Electronic credit transfers are the dominant cashless payment method in Switzerland and by far the most common means of business-to-business payment. Direct debits are also commonplace, and a direct debit scheme for company payments was introduced in 2006. Small companies and consumers continue to use paper-based credit transfers. Debit cards are popular for retail payments and checks are rarely used.

Liquidity Management

Switzerland's banking system provides companies with a variety of short-term investment and funding options in both Swiss francs and in euros. Interest on current accounts is low if offered.

Cash concentration and notional pooling techniques are permitted domestically and on a cross-border basis. Companies may include accounts from different legal entities in their liquidity management structures. Cash concentration techniques are more popular than pooling, as banks are not permitted to offset debit and credit balances for regulatory reasons.

Trade Finance

A member of the European Free Trade Association (EFTA), Switzerland has established bilateral trade agreements with the European Union (EU) and other major trading partners. Switzerland requires licenses and imposes taxes for certain types of imports, and levies VAT on all imports.

PNC's International Services

PNC can bring together treasury management, foreign exchange, trade finance and credit capabilities to support your international needs in a coordinated and collaborative way.

International Funds Transfers

PINACLE®, PNC's top-rated, online corporate banking portal provides access to International Funds Transfers to more than 130 countries in U.S. dollars and foreign currencies.

Multicurrency Accounts

Demand deposit accounts that hold foreign currency instead of U.S. dollars offer a simple and integrated way to manage and move money denominated in more than 30 currencies, including offshore Chinese Renminbi. In addition, our EUR and GBP multicurrency accounts (MCAs) are able to receive payments via the local payment systems, SEPA and BACS/ FPS, respectively. You can easily view deposit and withdrawal details through PINACLE.

PNC Bank Canada Branch ("PNC Canada")

PNC Bank, through its full service branch in Canada, can help you succeed in this important market. PNC Canada offers a full suite of products including payables, receivables, lending, and specialized financing to help streamline cross border operations. We offer a comprehensive treasury management platform in Canada including U.S. dollar and Canadian dollar accounts, payment initiation services (ACH, wire and check), receivables (A/R Advantage lockbox, branch deposits, electronic payments) and information reporting (with previous day through PINACLE®).

Multibank Services

PNC's Multibank Services provide you with balances and activity for all your accounts held with PNC and other financial institutions around the world. PINACLE's Information Reporting module can give you a quick snapshot of your international cash position, including U.S. dollar equivalent value, using indicative exchange rates for all your account balances. You can also initiate Multibank Transfer Requests (MT101s), and reduce the time and expense associated with subscribing to a number of balance reporting and transaction systems.

Establish accounts in foreign countries

Establishing good banking relationships in the countries where you do business can help you simplify your international transactions. PNC offers two service models to help you open and manage accounts at other banks in countries outside the United States.

- PNC Gateway Direct comprises an increasing number of banks located in many European countries and parts of Latin America. PNC's team will serve as a point of contact for setting up the account, help with any language and time barriers and will continue to serve as an intermediary between you and the bank you select. You can access reporting and make transfers via PINACLE.
- PNC's Gateway Referral service can help you connect to a correspondent banking network that comprises more than 1,200 relationships in 115 countries.

Foreign Exchange Risk Management

PNC's senior foreign exchange consultants can help you develop a strategy to mitigate the risk of exchange rate swings so you can more effectively secure pricing and costs, potentially increasing profits and reducing expenses.

Trade Services

PNC's Import, Export, and Standby Letters of Credit can deliver security and convenience, along with the backing of an institution with unique strengths in the international banking arena. PNC also provides Documentary Collections services to both importers and exporters, helping to reduce payment risk and control the exchange of shipping documents. We assign an experienced international trade expert to each account, so you always know your contact at PNC and receive best-in-class service. And PNC delivers it all to your computer through advanced technology, resulting in fast and efficient transaction initiation and tracking.

Trade Finance

For more than 30 years, PNC has worked with the Export-Import Bank of the United States (Ex-Im Bank) and consistently ranks as a top originator of loans backed by the Ex-Im Bank both by dollar volume and number of transactions.

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Disclosure

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Lending, leasing and equity products and services, as well as certain other banking products and services, require credit approval.

PNC does not provide legal, tax or accounting advice unless, with respect to tax advice, PNC Bank has entered into a written tax services agreement.

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SWITZERLAND

Financial Environment

Country Information

Geographical Information

Capital	Bern/Berne
Area	41,277 km^2
Population	8.29 million
Official languages	German, French, Italian
Political leader	Head of State and Executive — Federal President Ueli Maurer for 2019.

Business Information

Currency (+ SWIFT code)	Swiss franc (CHF)
Business banking hours	Business: 09:00–18:00 (Mon–Fri) Banking: 08:30–16:00 or 10:00–19:00 (Mon–Fri)
Bank holidays	2019 — April 19, 22, May 1, 30, August 1, December 25, 26 2020 — January 1, 2, April 10, 13, May 1, 21, August 1, December 25, 26 2021 — January 1, 2, April 2, 5, May 1, 13, 24, August 1, December 25, 26 Source: www.goodbusinessday.com
International dialing code	+ 41

Country Credit Rating

FitchRatings last rated Switzerland on September 21, 2018 for issuer default as:

Term	Issuer Default Rating
Short	F1 +
Long	AAA
Long-term rating outlook	Stable

Source: www.fitchratings.com, March 2019.

Economic Statistics

Economics Table

		2012	2013	2014	2015	2016
GDP per capita	(USD)	83,028	84,462	86,200	79,996	78,214
GDP	(CHF billion)	624	636	648	639	650
GDP	(USD billion)	666	686	708	664	657
GDP volume growth*	(%)	+ 1.0	+ 1.9	+ 2.5	+ 1.2	+ 1.3
BoP (goods, services & income) as % GDP		11.6	12.9	11.3	13.3	12.3
Consumer inflation*	(%)	– 0.7	– 0.2	Ø	– 1.1	– 0.4
Population	(million)	8.02	8.12	8.21	8.30	8.40
Unemployment	(%)	2.9	3.2	3.2	3.2	3.3
Interest rate (lending rate) †	(%)	2.69	2.69	2.69	2.68	2.65
Exchange rate‡	(CHF per USD)†	0.9377	0.9269	0.9162	0.9624	0.9852

		2017	2018			
			Q1	Q2	Q3	Q4
GDP per capita	(USD)	80,425	–	–	–	–
GDP	(CHF billion)	668	–	–	–	–
GDP	(USD billion)	682	–	–	–	–
GDP volume growth*	(%)	+ 2.4	+ 3.2	+ 3.1	+ 2.1	NA
BoP (goods, services & income) as % GDP		11.4	–	–	–	–
Consumer inflation*	(%)	+ 0.5	+ 0.7	+ 1.0	+ 1.1	+ 0.9
Population	(million)	8.48	–	–	–	–
Unemployment	(%)	3.2	3.1	2.5	2.4	2.5
Interest rate (lending rate) †	(%)	2.63	2.62	2.62	2.63	2.63
Exchange rate‡	(CHF per USD)†	0.985	0.948	0.985	0.984	0.995

*Year on year. †Period Average. ‡Market rate.

Sources: *International Financial Statistics*, IMF, March 2019 and 2018 Yearbook.

Sectoral Contribution as a % of GDP

Agriculture – 0.7%

Industry – 25.6%

Services – 73.7% (2017 estimate)

Major Export Markets

Germany (15.2%), USA (12.3%), China (8.2%), India (6.7%), France (5.7%), UK (5.7%), Hong Kong (5.4%), Italy (5.3%)

Major Import Sources

Germany (20.9%), USA (7.9%), Italy (7.6%), UK (7.3%), France (6.8%), China (5%)

Political and Economic Background

Economics

Interest Rate Management Policy

Switzerland's independent central bank, the Swiss National Bank, is responsible for monetary policy and sets interest rates to achieve the goal of price stability.

Foreign Exchange Rate Management Policy

The Swiss franc (CHF) is a free floating currency. The central bank does have the right to intervene in the foreign exchange market, but does so rarely, when it would typically use the US dollar. As one of world's most liquid and stable currencies, the Swiss franc is often used as a reserve currency.

Major Economic Issues

Switzerland has one of the most stable and prosperous economies in the world (and has topped the World Economic Forum's competitiveness rankings for eight consecutive years). Its success is built on a strong financial services sector and high-technology industries including pharmaceuticals, biotechnology and precision engineering. Although Switzerland remains independent from its European Union (EU) neighbors, it trades heavily with countries from the bloc (and many beyond) via a series of bilateral trade treaties. Moreover, Switzerland is an attractive location for many international companies and organizations due to its accommodating fiscal and regulatory regime and its sophisticated financial services sector.

Traditionally valued by clients for its secrecy, Switzerland's private banking and wealth management sector faces considerable upheaval from the increased levels of transparency and "know your customer" regulations imposed on all financial institutions in response to global terrorism. The country, for example, has loosened its secrecy laws in line with OECD rules. However, rising tensions in international trade and global geopolitics could revive safe-haven pressures in Switzerland.

A Swiss-US tax deal was agreed in August 2013, allowing individual Swiss banks to avoid prosecution in the USA if they agreed to pay substantial fines, disclose all their cross-border activities, provide details on US citizens' accounts, and disclose information on the sources/destinations of transferred funds with regard to US citizens' secret accounts.

Switzerland and the EU have also signed a deal intended to prevent tax evasion. EU residents will thus be prevented from hiding undeclared income in Swiss bank accounts from 2018 onwards. Both Switzerland and the EU will be obliged to exchange information on their respective citizens' bank accounts.

In January 2015, the SNB abandoned its cap on the CHF's value against the EUR (CHF 1.2 per EUR), which saw the Swiss franc soar as much as 30% - exports to the euro area fell by 8% in just nine months. The central bank has used a combination of negative interest rates and currency interventions to reduce the currency's attractiveness and, despite the negative impact of the SNB's decision to drop the cap, Switzerland has managed to avoid a recession. The economy has since adjusted to the exchange rate appreciation and GDP expanded by 2.4% in 2017 and by 2.5% in 2018. The central bank has forecast GDP growth of 1.5% for 2019. However, the Swiss economy still faces significant challenges. Rising international trade tensions could significantly curb global trade and have a negative impact on the country's export-oriented economy. Geopolitical tensions could also trigger upwards pressure on the CHF and have a negative impact on the country's exports.

Politics

Government Structure

Switzerland (officially the Swiss Confederation) is a federal republic, in which the head of the executive, the Federal President, simultaneously serves as the head of state. Any powers not explicitly wielded at federal level are devolved to Switzerland's 26 regions or cantons. The regional system of government varies widely between cantons, and a further level of local government is provided by approximately 3,000 municipalities, the powers of which differ from canton to canton.

Executive

The executive power of the Swiss government resides in the seven-member Federal Council or cabinet. Membership of the Federal Council is determined by the number of seats held by Switzerland's main political parties in the National Council and as such is elected every four years. The Federal Assembly elects the Federal President and Vice-President from the seven Federal Council members to serve a single-year term.

Legislature

Switzerland has a bicameral Federal Assembly, consisting of a Council of States and a National Council, the members of which are elected by cantonal ballots.

The 46 members of the Council of States are each elected to serve four-year terms. The 20 largest cantons elect two representatives while the six smallest (formerly half-cantons) only elect a single representative.

The 200 members of the National Council are also elected for four years, by proportional representation. Like the US House of Representatives, each canton's representation in the National Council is determined by population size. The next elections to the National Council are scheduled for October 2019.

International memberships

Although known for its political neutrality, Switzerland is a member of a number of international bodies and home to many more. It is a member of the European Free Trade Association (EFTA), as well as the Council of Europe, the Organization for Economic Cooperation and Development (OECD), the Bank for International Settlements (BIS), and the G-10 group of developed industrial nations.

Major Political Issues

Switzerland has often pursued collaboration on economic and trade matters. It has been a member of EFTA since 1960 and has developed close bilateral relationships with major trading partners within the EU and globally. Switzerland's long political traditions of democracy and neutrality mean that the country's relationship with the EU is under constant scrutiny. Swiss voters rejected EU membership in a 2001 referendum (all large political decisions are put to a popular vote) and on June 22, 2016, parliament voted to invalidate its 1992 application to join the EU.

Switzerland was the first non-European Economic Area (EEA) country to become part of the EU passport-free zone by signing up to the Dublin and Schengen agreements. However, this is being gradually reversed. Immigration quotas on workers from the eight 2004 accession countries were reimposed in 2013 and Switzerland refused to sign a reciprocal free movement agreement with Croatia. After a 2014 referendum supported the reintroduction of strict annual quotas on EU immigrants, in December 2015, the Swiss government announced plans to restrict immigration from EU states by imposing a unilateral quota by February 2017. Such a move may have excluded Switzerland from the single market but in December 2016, the country voted against imposing a quota on EU workers and instead chose to curb immigration by giving residents job priority.

Tension between the EU and Switzerland is expected to heighten as a result of a vote by Swiss nationals, in February 2017, to reject the government's proposed corporate tax reform. The reform aimed to end the country's special taxation arrangements with multinational companies (at present, companies based in Switzerland benefit from a special tax status i.e. they pay tax at a lower rate than the national corporate rate) while at the same time enticing those same multinational companies to keep their operations in the country. Voters rejected the proposed changes fearing they would lead to a higher tax burden on residents and cuts to public spending. Switzerland has until 2019 to end its special tax status and conform to OECD standards. In September 2017, Switzerland started a consultation on a new package of corporate tax reforms, know as Tax Proposal 17 (TP17). The consultation closed in December 2017. The government submitted the proposals to parliament in March 2018 and, in June 2018, parliament decided to include a new subsidy of CHF 2 billion for the Federal Social Security Scheme (AHV) in the package as a form of socio-political compensation to sweeten the proposal to a wider group of members of parliament. Consequently, the proposal has been renamed the Federal Act on Tax Reform and AHV Financing (TRAF). The lower house (National Council) approved the proposal in September 2018. However, a referendum was successfully called against TRAF in January 2019 and the vote will be held on May 19, 2019. If TRAF is accepted by the public vote, it will enter into force on January 1, 2020.

In December 2018, finance minister Ueli Maurer was elected by parliament to be Switzerland's president for 2019. Mr. Maurer, of the rightwing Swiss People's Party, took over duties from Alain Berset on January 1, 2019.

Taxation

Resident/Non-resident

Companies are considered to be resident in Switzerland if their legal seat (registered office) or place of effective management is located in Switzerland.

Tax Authorities

Federal, Cantonal and Communal Tax Administrations.

Tax Year/Filing

The tax year is usually the accounting year. If a company's financial year is different, the company's profit and capital in the financial year ending in that calendar year are taxed.

There is combined tax return filing for both federal and cantonal income tax purposes. A self-assessment procedure applies. Filing deadlines depend on the canton.

Consolidated returns are not permitted; each company is required to file a separate return.

Corporate Taxation

Residents are subject to taxation on their worldwide income after the deduction of business expenses. However, the tax obligation does not extend to business operations, permanent establishments (PEs) or real estate situated abroad.

Non-residents are subject to taxation on income derived from PEs and branches or from immovable property located in Switzerland.

The flat rate of corporation tax is 8.5% on profit before taxes for companies at the federal level.

The effective federal tax rate is 7.8% after deduction of income and capital taxes.

Depending on the place of the legal seat, cantonal/communal level income tax is in the range of approximately 4% to 18%.

Taking into account both the federal and cantonal/communal income tax, the combined effective income tax rate is typically between 12% and 24% for companies subject to ordinary taxation, depending on the place of residence.

There is no surtax or alternative minimum tax.

Income tax can be deducted from capital tax in some cantons (see other taxes).

Losses may be carried forward for seven fiscal years and may be used against any capital gains or income. Losses may not be carried back.

The mixed company tax privilege is granted to companies with predominantly foreign business activities. A business activity is deemed to be performed predominantly outside Switzerland if generally at least 80% of the total gross income is derived from foreign sources and at least 80% of expenses are incurred abroad. Foreign-source income of a mixed company is taxed at a combined effective rate of typically between 9%-11% (including federal tax). Swiss-source income is taxed at ordinary rates for cantonal/communal and federal income tax purposes. Incentives also are available for domiciliary companies, principal companies and finance branches. In accordance with legislation passed by the Swiss parliament (that is subject to a public referendum to be held on May 19, 2019), these incentives may be replaced from 2020 by research and development (R&D) incentives (i.e. additional R&D deduction and a patent box regime), together with lower headline tax rates. Tax holidays may apply.

Advance Tax Ruling Availability

Advance rulings may be obtained from the tax authorities on various matters, such as tax consequences of a planned transaction or the tax-privileged treatment of a company.

Withholding Tax (Subject to Tax Treaties)

Payments to:	Dividends	Interest	Royalties	Technical service fee	Branch Remittances
Resident companies	35%	0%/35%	None	None	None
Non-resident companies	0%/35%	0%/35%	None	None	None

Dividends: a federal withholding tax of 35% is levied on dividends paid to resident and non-resident companies. Resident companies can apply for a refund of the 35% withholding tax based on Swiss law.

Under the Switzerland-EU savings agreement, which grants Switzerland access to benefits similar to those under the EU Parent-Subsidiary Directive, withholding tax is reduced to 0% on cross-border payments of dividends between related companies residing in EU member states and Switzerland when the capital participation is 25% or more and certain other criteria are met. In addition, many tax treaties provide for reduced rates for qualifying investments. The repayment of nominal share capital and capital surplus is exempt from withholding tax.

No withholding tax is levied an interest. Exceptions apply to interest derived from deposits with Swiss banks, bonds and bond-like loans, which are subject to a 35% withholding tax at the federal level. Interest paid to a non-resident on receivables secured by Swiss real estate is subject to tax at source. The 35% withholding tax and the tax at source levied under domestic law can be reduced under a tax treaty.

Tax Treaties/Tax Information Exchange Agreements (TIEAs)

Switzerland has exchange of information with 114 jurisdictions through 106 double tax treaties and 10 TIEAs (www.eoi-tax.org, March 2019).

On January 27, 2016, Switzerland, as part of the OECD/G20 Base Erosion and Profit Shift (BEPS) initiative, signed a multilateral co-operation agreement with 30 other countries ("the MCAA"). Under this multilateral agreement, information will be exchanged between tax administrations, giving them a single, global picture on some key indicators of economic activity within multinational enterprises (MNE).

With Country-by-Country reporting tax administrations of jurisdictions where a company operates will have aggregate information annually relating to the global allocation of income and taxes paid, together with other indicators of the location of economic activity within the MNE group. It will also cover information about which entities do business in a particular jurisdiction and the business activities each entity engages in. The information will be collected by the country of residence of the MNE group, and will then be exchanged through exchange of information supported by such agreements as the MCAA.

There are currently 104 signatory countries, including:-

- Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Costa Rica, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, India, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Malaysia, Mexico, Netherlands, Nigeria, Norway, Poland, Portugal, Russia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland and United Kingdom.

Transfer Pricing

Switzerland has no specific transfer pricing regulations but follows the general OECD transfer pricing guidelines and therefore applies the arm's length principle to related-party transactions.

Switzerland introduced country-by-country (CbC) reporting requirements as from January 1, 2018.

The same principles are applied for federal and cantonal/communal purposes, irrespective of whether the transaction is domestic or international.

There are no formal documentation requirements or a specific penalty regime for transfer pricing adjustments.

Thin Capitalization

Safe haven thin capitalization rules require a minimum equity ratio for each asset class (e.g. receivables may be debt financed by 85%, investments by 70% and intellectual property by 70%). In addition, safe haven interest rates apply.

Other Measures

Measures against treaty abuse may apply, including a base erosion test.

Stamp Duty

A 1% stamp duty is levied on contributions to the equity of a Swiss company, whether in cash or in kind. A CHF 1 million exemption threshold applies to the issuance of shares. Reorganizations, such as mergers, spin-offs of corporate assets, or transfers of a company's domicile from abroad to Switzerland, typically are exempt from stamp duty.

Transfer stamp duty is levied on the transfer of ownership in securities, provided one of the parties to the transaction or one of the intermediaries is a Swiss securities dealer. The transfer stamp duty is calculated on the consideration and amounts to 0.15% for securities issued by a Swiss resident and 0.3% for securities issued by a foreign resident.

Sales Taxes/VAT (incl. Financial Services)

VAT applies to the sale of goods and services on Swiss territory, the acquisition of services from businesses domiciled abroad and to the import of goods. Exports of goods and most services provided to non-resident recipients are, in principle, either zero-rated or no subject to Swiss VAT. The acquisition and sale of intellectual property and VAT-able transactions.

As from January 1, 2019, distance selling companies generating annual turnover in Switzerland exceeding CHF 100,000 from low value shipments (i.e. those on which the import VAT does not exceed CHF 5) are liable for VAT in Switzerland.

Enterprises conducting business in Switzerland with annual worldwide turnover exceeding CHF 100,000 must register for VAT purposes, irrespective of the level of VAT-able turnover in Switzerland.

Holding companies may voluntarily register for VAT and deduct Swiss input VAT incurred in connection with their holding activities, including VAT on services acquired from abroad that are subject to the reverse charge mechanism.

The standard rate is 7.7%. Reduced rates of 2.5% and others exist for certain kinds of services.

A special 3.7% rate applies to the hotel and lodging industry.

Financial services are in principle exempt from VAT as are insurance premiums, residential real estate, education, health and regulated casinos.

Capital Gains Tax

Capital gains on business assets are treated as income for federal and cantonal/communal tax purposes.

The capital gain is calculated as the difference between the sales price and the book value of the asset sold. There is no adjustment for inflation.

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Capital gains realized on fixed assets that are used in the company's business may be deferred if the gain is reinvested within a certain period of time in fixed assets performing the same function. The transfer of property outside Switzerland is precluded.

Capital gains derived from the sale of a participation of at least 10% in a resident or non-resident company benefit from participation relief if the participation has been held for more than one year.

Capital losses are treated as trading losses.

Further Changes to Tax Regime

To improve the competitiveness of the Swiss tax regime and to ensure that Swiss tax measures are in line with international standards, the existing Swiss tax regimes are expected to be replaced under the Federal Act on Tax Reform and AHV Financing (TARF) (formerly "tax proposal 17" (TP 17)), effective in 2020 at the earliest (subject to a referendum to be held on May 19, 2019), by a variety of measures. Measures that would aim to improve the attractiveness of Switzerland as a location include the following:

- Reduction of the general tax rates (i.e. the cantonal/communal corporate tax rates) at the discretion of the individual cantons;
- Introduction of a patent box at the cantonal and communal level;
- Introduction of R&D incentives in the form of excess R&D deductions (super deductions) at the discretion of the individual cantons;
- Abolishing tax privileges.

Financial Transactions/Banking Services Tax

Other than transfer stamp duty (see above), there is no special tax on financial transactions.

Cash Pooling

Since August 1, 2010, intra-group loans should fall outside the scope of collective fund borrowing, which in turn excludes intra-group cash pooling activities from stamp duty and interest withholding tax.

Other Canton Taxes

Some cantons levy real property tax.

Corporate net wealth tax is imposed at varying rates, depending on the canton and the type of tax privilege (typically between 0.001% and 0.5%). The net wealth tax may be credited against income tax liability in many cantons.

Property Tax

Some cantons levy real property tax.

Payroll and Social Security Taxes

There is no general payroll tax. Payroll tax is levied on the wages of foreigners without permanent Swiss residence. For all other Swiss resident employees, wages are taxed as part of ordinary income.

The employer generally is required to pay 50% of an employee's social security and pension fund contributions. The employer must deduct contributions from salary and remit the total amount to the social security authorities.

There are three classes of contribution:

- Class 1 – compulsory state minimum insurance for unemployment, old age, death and permanent disability.
- Class 2 – payment into a compulsory insurance and pension plan connected with employment.
- Class 3 – private voluntary retirement and insurance plan.

Class 1 contributions are payable jointly by the employer and employee in equal proportions at a combined rate of 10.25%.

Employers and employees are also liable to compulsory Class 2 contributions. The portion payable by the employer must at least equal the employee's portion.

Class 3 payments are voluntary and there is no standard rate.

All tax information supplied by Deloitte Touche Tohmatsu and Deloitte Highlight 2019 (www.deloitte.com).

Cash Management

Banking System

Banking Regulation

Banking Supervision

Central bank

Switzerland's central bank, the Swiss National Bank (SNB), is an independent institution whose responsibilities and authority are framed by the Federal Constitution, the National Bank Act of October 3, 2003, and the National Bank Ordinance of March 18, 2004.

The SNB has no formal role in bank supervision, but is responsible for maintaining a favorable environment for economic stability and growth. In addition to management of monetary policy (with the aim of achieving price stability), the SNB fulfills other typical central banking functions such as banker to the Swiss Confederation, lender of last resort and issuer of notes and coin.

The central bank is also responsible for promotion of payment system efficiency and shares responsibility for the operation of the Swiss payment system with the major banks and the Swiss postal service.

Other banking supervision bodies

On January 1, 2009, the Federal Act on the Swiss Financial Market Supervisory Authority (FINMASA) of June 22, 2007 came into force. Under this legislation, Switzerland's three supervisory bodies (the Swiss Federal Banking Commission – SFBC, the Federal Office of Private Insurance and the Anti-Money Laundering Control Authority) were merged into one, the Swiss Financial Market Supervisory Authority (FINMA). It is an independent entity, answerable to the government.

In addition, the Swiss banking industry practices self-regulation through the Swiss Bankers' Association, which lays out standards and rules for the conduct of banking business in Switzerland. There are separate associations for foreign, cantonal and Raiffeisen banks.

Central Bank Reporting

Switzerland imposes no central bank reporting requirements for balance of payments purposes.

Exchange Controls

Exchange structure

The value of the Swiss franc (CHF) is determined by market forces and the SNB intervenes only rarely.

On January 15, 2015, the SNB abandoned the cap, imposed over three years previously, on the value of the CHF against the euro (EUR) . The minimum exchange rate no longer applies.

Standing reciprocal currency swap arrangements are currently in place between SNB, the European Central Bank, the Bank of England, the Bank of Canada, the Bank of Japan, and the Federal Reserve. The standing arrangements comprise a network of bilateral liquidity swap lines agreement among the six central banks and are to remain in place until further notice. The SNB has also entered into a bilateral swap arrangement with the People's Bank of China. Direct trading between the CHF and Chinese renminbi (RMB) has been in effect since November 2015.

Classification

The currency is free floating.

Exchange tax

There is no exchange tax.

Exchange subsidy

There is no exchange subsidy.

Forward foreign exchange market

There are no restrictions on forward foreign exchange markets.

Capital flows

There are controls on foreign investment in real estate, airlines, shipping (vessels on the Rhine or providing commercial maritime transport), film distribution, broadcasting, and certain energy sectors.

Loans, interest and repayments

There are no restrictions on the provision of loans by commercial banks or on the payment of interest.

Royalties and other fees

There are no restrictions.

Profit remittance

There are no restrictions on the remittance of profits into or out of Switzerland.

Bank Account Rules

Switzerland makes no distinction between accounts held by resident and non-resident entities. As such, any legal entity may hold a local or foreign account domestically or abroad. All accounts held in domestic currency are fully convertible into foreign currency.

Interest-bearing current accounts are permitted, but are rarely offered and generally provide low levels of return. Overdraft facilities on current accounts are commonly used for short-term financing.

Account opening information is available in all official languages (i.e. French, German, Italian). Electronic signatures have been in use since January 2005. The account holder's identity must be established in accordance with the Agreement on the Banks' Obligation of Diligence and the revised 2016 Money Laundering Act.

Anti-money Laundering and Counter-terrorist Financing

- Switzerland has enacted anti-money laundering legislation, including legislation in line with the first three EU anti-money laundering directives and counter-terrorist financing legislation. On 25 June 2015, the 4th Anti-Money Laundering Directive entered into force. A revised Anti-Money Laundering Act (AMLA) entered into force on January 1, 2019. The revised Anti-Money Laundering Ordinance (AMLO2016), the revised FINMA Anti-Money Laundering Ordinance (AMLO-FINMA 2016) and the Agreement on the Swiss banks' code of conduct with regard to the exercise of due diligence (CDB 16) entered into force on January 1, 2016. Revised versions of the FINMA Anti-Money Laundering Ordinance and of the Agreement on the Swiss banks' code of conduct with regard to the exercise of due diligence (CDB 20) will enter into force on January 1, 2020.
- A Financial Action Task Force (FATF) member, Switzerland observes most of the FATF-49 standards.
- Switzerland has established a financial intelligence unit (FIU), the Money Laundering Reporting Office Switzerland (MROS), which is a member of the Egmont Group.
- Account opening procedures require formal identification of the account holder and in some cases the economic beneficiary.
- Banks have to identify clients for transactions above CHF 25,000 (CHF 15,000 from January 1, 2020). In the case of other businesses, it is up to self-regulatory bodies to set thresholds for client identification. For bilateral credit cards the threshold is CHF 5,000 per month per client.
- Relationships with shell banks are prohibited.
- All cross-border wire transfers must contain identifying details about the funds' remitters, although banks and other covered entities may omit such information for "legitimate reasons".
- In the case of high-risk business relationships and cash transactions exceeding CHF 100,000 in cash, enhanced due diligence is required.
- The threshold for a single-value cash transaction is EUR 10,000 for high value goods dealers or service providers.
- Financial institutions in the broadest sense are required to record and report suspicious transactions to the MROS.
- Records must be kept for at least ten years after the termination of the business relationship.

Data as at March 2019.

Banking Sector Structure

Major Domestic Banks

Bank	Total assets (USD million) December 31, 2017
UBS	926,836
Credit Suisse Group	807,497
UBS Switzerland	293,628
Credit Suisse (Schweiz)	249,161
Raiffeisen Schweiz Genossenschaft	230,331
Zürcher Kantonalbank	165,754
PostFinance	120,070

Source: www.accuity.com

Overall Trend

The structure of the Swiss banking system reflects both the country's federal structure and the strict privacy laws that have made it a global center for private banking and wealth management services. Of the 251 independent banks operating in Switzerland, there are 24 cantonal banks (which operate under a state guarantee), 24 branches of foreign banks and 60 regional and savings banks. In addition, the Raiffeisen credit-cooperative organization has 246 member banks, and PostFinance, the financial services arm of Swiss Post, has a large share of the retail market.

Many of the remainder are private banks or wealth management firms, ranging from family-owned boutiques to the specialist arms of global financial institutions. Drawn by an attractive legal and tax framework and a number of large international companies, a number of international banks offer a range of wholesale banking services in Switzerland, including cash management and custody, in addition to their private banking operations. There are also 49 representative offices of foreign banks.

The two largest Swiss banking groups, UBS and Credit Suisse, dominate the domestic banking landscape. Ranking among the biggest global financial institutions, the two banks offer retail, corporate, private and investment banking and asset management services to clients around the world. In 2016, Credit Suisse Group was restructured, with a new entity, Credit Suisse (Switzerland), becoming responsible for clients domiciled in Switzerland. The Swiss large banks category increased from three to four institutions (UBS Inc., UBS Switzerland AG, Credit Suisse AG and Credit Suisse (Switzerland). These four banks accounted for 48.2% of total assets in 2017.

In 2017, Swiss banks paid the SNB USD 2.16 billion in negative interest rates. Negative interest rates (- 0.73%) have also impacted on some banks' profitability.

Switzerland is a signatory of a global standard on automatic information exchange and is required to exchange information under a common reporting standard.

Payment Systems

Overview

SIX Interbank Clearing operates the SIC real-time gross settlement system which can process all domestic payment types as well as domestic and cross-border euro payments. SIX Interbank Clearing is part of SIX (Swiss Infrastructure and Exchange) Group, the infrastructural provider for Switzerland's financial market, and a member of the EACHA (European Automated Clearing House Association).

SIC's integrated platform, multiSIC, processes high-value, urgent payments denominated in both Swiss francs and euros. Euro payments are effected by the euroSIC sub-system using SIC's swisseuroGATE, which can connect to the pan-European TARGET2 RTGS system, plus Germany's EMZ (retail payment system), STEP2 (the pan-European ACH) and STEP1.

PostFinance also operates a separate bilateral clearing system for retail payments. This system is widely used for credit transfers and direct debits, as most banks and companies in Switzerland hold PostFinance accounts.

The Swiss National Bank is responsible for the efficient operation of the Swiss payment infrastructure and acts as settlement center between participant banks as well as between PostFinance and the banks.

High-value

Name of system	SIX Interbank Clearing (SIC)
Settlement type	Real-time gross settlement
Settlement cycle	Payments are settled on a same-day basis if received before the relevant cut-off time. Payments can be submitted up to five days in advance. CHF payments are settled across participants' accounts held at the SNB. EUR payments are settled by the Swiss Euro Clearing Bank (SECB) based in Frankfurt, which participates in the German component of TARGET2, TARGET2-Bbk.
Links to other systems	Links to TARGET2-Bbk, plus EMZ (Germany's retail payment system), STEP2 (the pan-European ACH) and STEP1 via swisseuroGATE. SIC also links directly to the Swiss central securities settlement system (SECOM) and SWX, the electronic trading system of the Swiss Stock Exchange.
Payments processed	High-value and urgent electronic payments, both domestic and cross-border, plus low-value credit transfers, direct debits, card payments and paper-based instruments, including checks. euroSIC can process SEPA payments. Migration to the ISO 20022 payment message standard commenced in July 2015 for euroSIC.
Currency of payments processed	CHF and EUR
Value and other limits to processing	No minimum value threshold is in place.
Operating hours	Almost 24 hours a day, Monday to Friday. The clearing day runs from 18:30 CET on the previous day to 18:15 CET. It is closed between 12:00 CET on Saturday to 18:00 CET on Sunday.
System holidays Source: www.goodbusinessday.com	2019 — April 19, 22, May 1, 30, August 1, December 25, 26 2020 — January 1, 2, April 10, 13, May 1, 21, August 1, December 25, 26 2021 — January 1, 2, April 2, 5, May 1, 13, 24, August 1, December 25, 26
Cut-off times	15:00 CET for customer payments and 16:00 CET for interbank payments; payments received after the relevant cut-off times are processed for next-day settlement.
Participants	There are 333 direct participants. All banks and securities dealers in Switzerland are eligible. Remote participation is permitted from countries with acceptable standards of bank supervision and anti-money laundering legislation.

Access to system	Payments are submitted online, using SIC and SWIFT formats, either directly or through computer centers.
Future developments	Migration to the ISO 20022 payment message standard commenced in July 2016 for SIC CHF payments. All euroSIC and SIC participant banks completed the migration to the new standard by December 2017. The next step in the process, the switchover of payment transactions for their business customers, was completed at the end of 2018. By the end of June 2018, 90% of business customers had launched a switchover project. As of November 2018, all payment message traffic occurs using the ISO 20022 standard and the SWIFT InterAct service must be used for communication.

Low-value

Name of system	PostFinance
Settlement type	Bilateral clearing system for retail payments
Settlement cycle	Urgent payments can be settled on a same-day basis via SIC if received by 13:00 CET; most payments are processed bilaterally via banks' PostFinance accounts.
Links to other systems	Links to SIC for urgent payments.
Payments processed	Credit transfers and direct debits
Currency of payments processed	CHF
Value and other limits to processing	There are no value thresholds.
Operating hours	24 hours a day
System holidays Source: www.goodbusinessday.com	2019 — April 19, 22, May 1, 30, August 1, December 25, 26 2020 — January 1, 2, April 10, 13, May 1, 21, August 1, December 25, 26 2021 — January 1, 2, April 2, 5, May 1, 13, 24, August 1, December 25, 26
Cut-off times	NA
Participants	All banks in Switzerland
Access to system	Payments are submitted via PostFinance's proprietary format, EZAG, or on diskette.
Future developments	As part of the process of ISO 20022 migration, Swiss banks and PostFinance are developing a single procedure throughout Switzerland with a common form of direct debit message based on ISO 20022. .

Payment and Collection Instruments

Overview and Trends

Credit transfers accounted for 48.3% of all cashless payments by volume and for 96.6% by value in Switzerland in 2015. Use of checks continues to decrease, while the use of debit and credit cards are an increasingly popular payment method, especially for retail payments.

Since January 1, 2008, all debit cards issued by banks in Switzerland have been Single Euro Payments Area (SEPA)-compliant. The country's banks have offered pan-European SEPA credit transfers (SCTs) for EUR-denominated payments since January 28, 2008. SEPA direct debits (SDDs) have been available since November 2, 2009. SEPA migration for EUR-denominated payments outside the eurozone was finalized on October 31, 2016.

Statistics of Instrument Usage and Value

	Transactions (million)		% change	Traffic (value) (CHF billion)		% change
	2016	2017	2017/2016	2016	2017	2017/2016
Debit cards	737	817	10.9	46	48	4.4
Credit cards	345	401	16.2	37	40	8.1
Credit transfers	974	962	- 1.2	4,251	4,183	- 1.6
Direct debits	60	62	3.3	81	84	3.7
Card-based e-money	NA	NA	-	NA	NA	-
Total	**2,116**	**2,242**	**6.0**	**4,415**	**4,355**	**- 1.3**

Neg = Negligible   NA = Not available

Source: Bank for International Settlements, *CPMI Red Book* statistical update, December 2018.

Paper-based

Credit Transfers

Although commonly used by smaller companies and private individuals for bill payments, paper-based credit transfers are gradually being replaced by electronic payment alternatives.

Paper-based order forms are truncated for electronic processing via SIC.

As from July 2020, paper-based order forms will be gradually replaced by the new QR-bill, which will have Quick Response (QR) codes containing in digital form all the information necessary for payment. The new QR-bill scheme, which is being introduced as part of the migration of the Swiss payment system to the ISO 20022 payment message standard, is expected to fully replace paper-based order forms by 2021.

Checks

Never as widely used as in other countries, checks have been virtually eclipsed by electronic payment methods. Most checks issued are postal checks.

Checks are truncated for electronic processing and are cleared bilaterally on a next-day basis. Final settlement is achieved via SIC.

Electronic

Credit Transfer

Electronic credit transfers are the dominant payment instrument in Switzerland and are used both by companies for both commercial (e.g. salaries, tax and supplier) and treasury payments as well as in the retail market.

Domestic and cross-border electronic credit transfers in EUR can now be made using the SEPA credit transfer (SCT) format. There are 192 banks from the CHF zone (181 banks from Switzerland and 11 from Liechtenstein) currently participating in the SCT scheme.

High-value

High-value and urgent credit transfers in Swiss francs and euros are settled on a same-day basis if received before 15:00 CET by SIC.

Cross-border EUR-denominated credit transfers can be settled via SIC's swisseuroGATE connection to the pan-European TARGET2 RTGS system (via the participation of the Frankfurt-based SECB in Germany's TARGET2-Bundesbank component). The SECB can function as a correspondent bank for third-party payments.

Cross-border credit transfers can also be made via a combination of SWIFT connectivity, correspondent banking relationships and branch network capabilities.

Low-value

Low-value and non-urgent credit transfers are settled by SIC overnight for next-day value. They can be submitted up to five days in advance of settlement by use of priority codes.

Low-value cross-border transfers can be processed through banks' traditional correspondent banking relationships or networks.

Low-value, EUR-denominated cross-border transfers can be processed via the EBA's STEP1 or STEP2 systems, in which the SECB participates. euroSIC links to the EBA's systems via the SECB using swisseuroGATE. SEPA credit transfers (SCTs) can be cleared bilaterally between euroSIC participants and those of the Dutch retail payment system operated by EquensWorldline.

EBA Clearing and Italy's SIA Group (which already serves as a technical operator for STEP2) have developed and implemented a pan-European real-time infrastructure for instant EUR payments. The service, called RT1, is fully compliant with the SEPA Instant Credit Transfer (SCT Inst) Scheme of the European Payments Council (EPC) and aligns with the ISO 20022 global messaging standards for instant payments. Both RT1 and SCT Inst were launched in eight European countries (Austria, Estonia, Germany, Italy, Latvia, Lithuania, the Netherlands and Spain) on November 21, 2017. The EPC's SCTInst service will be available across 34 SEPA countries, 24/7, 365 days a year, by 2019. SCTInsts have a maximum limit of EUR 15,000 per transaction and take no more than ten seconds to complete.

Direct Debits

Direct debits (*Lastschriftverfahren* or LSV) are steadily increasing in usage both for regular retail payments (e.g. subscriptions, insurance premiums and household bills) and in the corporate sector. Direct debits can be used to collect payments up to 60 days in advance; standing orders are also available.

The LSV+ scheme includes a standard right of refusal by the debtor for all direct debit agreements. The Business Direct Debit (BDD) scheme, for use by companies, does not include this right of refusal.

Direct debits are initiated using SIX Paynet's payCOMweb online application. SIC clears direct debits in both CHF and (via euroSIC) EUR through the LSV+ and BDD procedures.

SEPA direct debits (SDDs) enable the execution of cross-border EUR-denominated direct debits. There are currently 13 SEPA B2B Direct Debit participants and 15 SEPA Core Direct Debit participants from Switzerland and Liechtenstein.

STEP2 provides a cross-border SDD processing service. The Swiss Euro Clearing Bank (SECB) also provides SDD clearing. SDDs can also be cleared bilaterally between euroSIC participants and those of the Dutch retail payment system operated by EquensWorldline.

As part of the process of ISO 20022 migration, Swiss banks and PostFinance are developing a single procedure throughout Switzerland with a common form of direct debit message based on ISO 20022.

Payment Cards

Debit and credit cards are increasing in popularity for retail payments in Switzerland. There were 10.6 million debit cards and 7 million credit and charge cards in circulation at the end of January 2019, of which 7.6 million debit cards and 6.7 million credit cards had a contactless payment function.

Visa (including Visa V PAY), Maestro and Postcard debit cards are issued in Switzerland as well as Visa, MasterCard, American Express and Diners Club credit cards.

All payment cards in circulation are SEPA-compliant EMV chip cards.

Card payments are usually cleared through SIC. American Express card payments are cleared by the international credit card company.

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ATM/POS

Switzerland's banks and the Swiss Post Office operate separate national ATM (Bancomat and Postomat) and EFTPOS networks. There were 7,156 ATMs in Switzerland at the end of September 2018 and approximately 313,000 EFTPOS terminals at the end of 2017.

Electronic Wallet

There were 3.1 million e-money cards in circulation at the end of January 2019.

MasterCard's digital payment solution , MasterPass, jointly provided in Switzerland by SIX Payment Services and MasterCard, enables online purchases by MasterCard, Visa and American Express payment card holders in Switzerland via PCs and mobile devices.

The SwissWallet electronic wallet payment platform, a joint venture by Aduno Group, Netcetera and AECS Swisscard, was launched in November 2015, in cooperation with MasterPass. SwissWallet is connected to MasterPass and can also be used by MasterCard, Visa and American Express card holders in Switzerland for online shopping.

Contactless payment technology has been available in Switzerland since 2014. However, the use of the contactless function of payment cards is still relatively low. The maximum limit for a single transaction is CHF 40.

Mobile payment solutions are available, including the national digital wallet system, TWINT/Paymit, and Apple Pay.

Postal Giros

Commonly used for retail payments, postal giros are cleared by the PostFinance system, with the final settlement achieved via SIC on a same-day basis if initiated by 13:00 CET.

As from July 2020, paper-based order forms will be gradually replaced by the new QR-bill, which will have Quick Response (QR) codes containing in digital form all the information necessary for payment. The new QR-bill scheme, which is being introduced as part of the migration of the Swiss payment system to the ISO 20022 payment message standard, is expected to fully replace paper-based order forms by 2021.

Liquidity Management

Short-term Borrowing

Overdrafts

Both resident and non-resident entities may arrange overdrafts on their current accounts.

Banks will usually charge interest at a margin over Swiss franc Libor (London InterBank Offered Rate).

Bank Lines of Credit/Loans

Resident and non-resident entities can arrange short-term bank loans denominated in both Swiss francs and major foreign currencies from local and foreign banks.

Typical tenor is 12 months and interest is fixed for the period of the loan in advance.

Trade Bills – Discounted

Discounted trade bills are available from banks from tenors between 90 and 180 days, with shorter maturities the most popular.

Factoring

The demand for factoring services has increased in Swirtzerland in recent years. Factoring is currently available from eight companies in Switzerland, including UBS and Credit Suisse. Factoring interest rates are usually at a margin over Swiss franc Libor.

Commercial Paper

CHF-denominated commercial paper is issued by Swiss and other companies with sufficiently high credit ratings into the eurocommercial paper (ECP) market. The market offers access to a large and highly liquid market, but the cost of establishing a program and securing a published credit rating limits participation. Typical maturities range from one to six months.

Bankers' Acceptances

Bankers' acceptances are not used in Switzerland.

Supplier Credit

Supply credit is neither widely sought nor offered as Swiss business practice is for prompt payment.

Intercompany Borrowing, including Lagging Payments

Intercompany lending is permitted in Switzerland on an informal basis.

Short-term Investments

Interest Payable on Bank Account Surplus Balances

Interest-bearing current accounts are permitted for both resident and non-resident entities, but rarely offered; interest rates are typically very low. Interest-bearing call deposit accounts are also available.

Time Deposits

Time deposits are available in CHF for maturities from overnight to more than a year. In some cases, a minimum deposit is required. Deposits of three to six months are most commonly used by Swiss companies.

Certificates of Deposit

Certificates of deposit (CDs) are not commonly used as investment instruments as they are not generally issued with maturities below one year.

Treasury (Government) Bills

Money market debt register claims are issued in denominations of CHF 50,000 through weekly auctions held by the Swiss National Bank (on the government's behalf) for maturities of three, six, nine and 12 months.

SNB bills in CHF are also issued by the SNB in denominations of CHF 1 million through weekly auctions for maturities on one week to one year. SNB USD bills are issued in denominations of USD 500,000 through auctions held by the Swiss National Bank every two weeks for maturities of one, three and six months.

Commercial Paper

There is no local commercial paper market in Switzerland, but some Swiss companies and financial institutions are issuers in the European commercial paper market.

Money Market Funds

Money market funds are offered in most major currencies by a number of banks in Switzerland for short-term investment purposes. Most funds are domiciled through Luxembourg-based affiliates for tax efficiency.

Repurchase Agreements

Switzerland has an active repurchase agreement (repo) market with approximately 100 domestic and foreign participants.

Bankers' Acceptances

Switzerland has no formal market in bankers' acceptances.

Liquidity Management Techniques

The presence of the world's leading cash management banks (in addition to local banks UBS and Credit Suisse) and a benign regulatory and fiscal regime means that all common liquidity techniques are widely available in Switzerland. A large number of companies have located their European or global treasury operations in Switzerland to take advantage of these benefits, as well as its central European location, communications network and highly educated workforce.

Cash Concentration

Most cash concentration services are widely available from local and international banks for domestic and cross-border liquidity management purposes. As such, techniques such as zero- or target-balancing and cross-border physical sweeps are practiced by many companies located in Switzerland. As Switzerland makes no distinction between resident and non-resident accounts, it is possible to include resident and non-resident accounts, as well as accounts from different legal entities, within the same liquidity management structure.

Notional Pooling

Domestic and cross-border notional pooling is permitted but more rarely used than cash concentration. This is because Swiss banking law does not permit offset of credit and debit balances, thus making notional cash pools expensive compared with physical cash concentration. It is possible to include resident and non-resident accounts, as well as accounts from different legal entities, within the same structure. Cross-currency notional pooling is permitted.

Business Coordination Centers

Swiss and international companies have established centralized treasury operations in Switzerland under a tax-efficient structure known as a business coordination center. Switzerland's tax-efficient status is based on a combination of low corporate income tax and its network of tax treaties. Group transactions which give rise to profits in Switzerland are closely scrutinized by foreign tax authorities.

In February 2017, Swiss voters rejected corporate tax reform which would have abolished Switzerland's preferential tax regimes. As such, some companies will continue to enjoy special tax status and benefit from lower taxation in comparison to other companies. The aim of the corporate tax reform was to maintain the country's position as an attractive tax and business location, while adopting a corporate tax system in line with the OECD's BEPS project. The Swiss federal government and the cantons are drafting an alternative regime.

Trade Finance

General Rules for Importing/Exporting

Switzerland is a member of EFTA (with Iceland, Liechtenstein and Norway), although it decided not to participate in the EEA. EFTA established free trade agreements with a number of countries as well as with several regional trade blocs.

Separately, Switzerland has negotiated a number of bilateral free trade agreements (i.e. a free trade agreement for industrial products and sector-specific free trade agreements) with the EU and its constituents. Because of its close trading links with EU countries, much of Switzerland's trade finance regulations and practices are in line with the EU customs code. Switzerland has separately established free trade agreements with China, Japan and the Faroe Islands.

Switzerland has ratified the WTO's Trade Facilitation Agreement alongside 101 other WTO members.

Imports

Documentation Required

Imports should be accompanied by a detailed commercial invoice, customs declaration, bill of lading, packing list and, in some cases, a certificate of origin.

Import Licenses

Licenses are principally required for agricultural imports (some of which are subject to quotas), as well as certain controlled imports such as armaments and war material.

Import Taxes/Tariffs

Customs duties are applied by weight rather than value of imported goods. Tariffs on industrial imports are generally low (averaging 0.20%), but are higher on agricultural imports (averaging 5.9%).

A standard 8% VAT rate applies to imports. Some basic necessities such as foodstuffs are subject to a reduced rate of 2.5%.

Thirty free zones are in operation in Switzerland.

Financing Requirements

There are no particular financing requirements for imports.

Risk Mitigation

Switzerland does not operate a national risk mitigation program for importers.

Prohibited Imports

Switzerland imposes strict controls on arms and selected other imports considered to harm public health or to pose a threat to national security or indigenous wildlife.

Imports of 80% proof alcohol and salt are prohibited (unless prior authorization has been given) under the terms of a state monopoly (cantonal monopoly in the case of salt).

Import of rough diamonds are only permitted under the terms of the Kimberley Process Certification Scheme.

Exports

Documentation Required

Exports should be accompanied by a commercial invoice, customs declaration, bill of lading and, in some cases, a certificate of origin.

Proceeds

There are no restrictions on the use of export proceeds.

Financing Requirements

There are no particular financing requirements for exports.

Export Licenses

Controlled products such as armaments, war material and dual-use items require export licenses.

Export Taxes/Tariffs

Switzerland does not levy taxes or tariffs on exports.

Risk Mitigation

Export financing is available from leading commercial banks.

Swiss Export Risk Insurance (SERV) is the country's official export credit agency and provides state-supported credit insurance for exports from Switzerland. Export credit insurance is also available from other private entities.

Prohibited Exports

Switzerland operates a list of prohibited exports and observes the Kimberley Process Certification Scheme on trade of rough diamonds.

Information Technology

Electronic Banking

Electronic and internet-based banking services are widely available to companies and individuals in Switzerland. International cash management banks including UBS and Credit Suisse provide large corporate clients with intra- and end-of-day balance reporting and automated cash sweeps across domestic and cross-border accounts, as well as payment initiation and processing capabilities. No national technology standard exists for electronic banking in Switzerland but use of UN/EDIFACT standards for electronic communication between companies and banks is common.

In April 2018, SIX launched ebill, its new infrastructure for digital invoices. The new service will gradually replace e-bill, the existing electronic bill presentment and payment (EBPP) service, which will be phased out by the end of 2019. The ebill service is offered by more than 90 banks and 1,168 companies and public authorities in Switzerland to over 1 million customers. ebill was developed by SIX in cooperation with Switzerland's banking sector. Existing customers will be automatically switched to the new service by their banks and will continue to receive their invoices in their online portals. The service can be used for business-to-business and business-to-consumer payments in multiple currencies and across multiple banks.

Direct debits, credit transfers and card payments can be initiated online Monday to Friday, via the use of SIX Payment Services' Saferpay Secure PayGate solution.

External Financing

Long-term Funding

Bank Lines of Credit/Loans

Bank loans are available for tenors from one to five years to domestic and foreign-owned companies in CHF and major currencies. In addition to bilateral loan agreements, syndicated loans are also available for larger funding requirements.

Interest rates are reset at rollover dates, referenced against Swiss franc Libor or Swiss banks' cash bonds. Banks will usually require collateral on loans.

Leasing

Lease finance is well-established and available for capital goods, vehicles, heavy machinery, plant and property.

Bonds

Domestic and foreign-owned companies may issue debt in Swiss francs. Firms that wish to issue a public bond in Switzerland must advertise and have a prospect available locally. Straight and convertible bonds are issued at fixed or floating rates.

Private Placement

Listed and private firms, both domestic and foreign-owned, may issue securities for private placements in Switzerland. Typical maturities are five and seven years.

Asset Securitization / Structured Finance

The presence of so many leading investment banks in the Swiss capital markets means that companies in Switzerland can select from a range of innovative asset-backed securitization and structured finance solutions.

Government (Agency) Investment Incentive Schemes / Special Programs or Structures

The Swiss government does not generally use private finance or similar initiatives to fund public infrastructure projects.

Useful Contacts

National Treasurers' Association

Swiss Association of Corporate Treasurers (SwissACT) — www.swissact.ch

Association of Corporate Treasurers - Suisse Romande — www.swisstreasurer.ch

National Investment Promotion Agency

Switzerland Global Enterprise — www.s-ge.com

Central Bank

Swiss National Bank — www.snb.ch

Supervisory Authorities

Swiss Financial Market Supervisory Authority — www.finma.ch

Payment System Operators

PostFinance — www.postfinance.ch

SIX Group — www.six-group.com

SIX Interbank Clearing (SIC) — www.six-interbank-clearing.com

SIX Payment Services — www.six-payment-services.com

Swiss Euro Clearing Bank — www.secb.de

SwissWallet — www.swisswallet.ch

e-bill — www.e-bill.ch

Banks

UBS — www.ubs.com

Credit Suisse — www.credit-suisse.com

Raiffeisen Switzerland — www.raiffeisen.ch

Stock Exchange

SIX Swiss Exchange — www.six-swiss-exchange.com

Ministry of Finance

Federal Department of Finance — www.efd.admin.ch

Ministry of Economy

Federal Department of Economic Affairs, Education and Research — www.wbf.admin.ch

State Secretariat for Economic Affairs — www.seco.admin.ch

Chamber of Commerce

Chambers of Commerce & Industry of Switzerland — www.cci.ch

Bankers' Association

Swiss Bankers' Association — www.swissbanking.org

Regional Banks Association — www.rba-holding.ch

Association of Swiss Cantonal Banks — www.kantonalbank.ch

Association of Foreign Banks in Switzerland — www.foreignbanks.ch

Association of Swiss Asset and Wealth Management Banks — www.vav-abg.ch