Schweizerische Eidgenossenschaft
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Federal Department of Finance FDF

Federal Tax Administration FTA Main Division
Direct Federal Tax, Withholding Tax, Stamp Duty

Direct federal tax

Bern, 12 June 2019

Circular no. 45

Withholding tax on the earned income of employees

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1 General information and subject of the circular

The Federal Act of 16 December 2016 on the revision of the withholding tax on earned income (see Official Compilation of Federal Law [AS] 2018 p. 1813) reorganised the basis for the withholding tax on earned income. These provisions enter into force on 1 January 2021. In their entirety, the partially revised and partially new provisions aim to incorporate the case law of the Federal Supreme Court (FSC), various cantonal courts and the European Court of Justice (ECJ) in terms of compatibility with the Agreement of 21 June 1999 between the Swiss Confederation, of the one part, and the European Community and its Member States, of the other, on the free movement of persons (AFMP; SR 0.142.112.681). In this context, the institute of
"quasi-residency" (see section 11 below) was also introduced.

The purpose of the amendments is also to take account of technical developments (e.g. the uniform salary reporting system and the salary standard for Swiss withholding tax [ELM-QSt]), to increase legal certainty for employees and the debtors of taxable benefits and to standardise procedures as far as possible.

The agreements concluded by Switzerland to avoid double taxation (hereinafter DTAs) were also taken into account when drafting this circular. The OECD Model Tax Convention for the Avoidance of Double Taxation on Income and on Capital (hereinafter OECD MTC) and the associated OECD commentary in the 2017 version (hereinafter OECD commentary) are referred to by way of example. For the assessment of cross-border situations, the specific provisions of the relevant double taxation agreement must be observed in each case.

In accordance with Article 85 paragraph 4 of the Federal Act of 14 December 1990 on Direct Federal Tax in the version of 11 April 2018 (DBG; SR 642.11), the calculation of withholding tax for employees within the meaning of Articles 83 and 91 DBG must be standardised. For other persons subject to withholding tax who are resident abroad and who fulfil one of the conditions set out in Article 5 paragraph 1 letters b - f DBG, please refer to the FTA's circulars on withholding tax and the information sheets published therein.

The most important changes are:

1. For the tax authorities, this circular - like all FTA circulars - is valid throughout Switzerland and must therefore be applied by all cantons;
2. For the debtors of taxable benefits, that the withholding taxes are to be settled directly with the competent canton in accordance with Article 107 DBG and its model (monthly or annual model; see paragraphs 6 and 7 below and Annex III).

Finally, it is noted that the articles of the law and ordinances mentioned in this circular, insofar as they are related to the revision of withholding tax, already refer to the revised versions of the DBG and the FDF Ordinance of 11 April 2018 on withholding tax for direct federal tax (QStV;
SR 642.118.2).

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2 Definitions

2.1 Employee

For the purposes of this circular, employees[1]are persons who, irrespective of their place of residence or domicile, are in the service of an employer domiciled in Switzerland (see Art. 319 para. 1 of the Federal Act of 30 March 1911 on the Amendment of the Swiss Civil Code [Part Five: Code of Obligations; CO; SR 220] and Art. 17 DBG).

The decisive factor here is that the income from the underlying legal relationship qualifies as income from employment in accordance with Article 17 Paragraph 1 DBG. The designation of the contract by the contracting parties is not decisive, but rather the content of the contract must be assessed according to the overall circumstances of the individual case and the actual circumstances.

The general delimitation criteria must be examined in order to determine whether a dependent gainful activity exists, namely

- Relationship of subordination;
- being bound by instructions;
- Integration into an external work organisation;
- lack of entrepreneurial independence in the organisation and execution of the work activity;
- lack of entrepreneurial risk;
- Commitment to fixed working hours;
- Assignment of a fixed workplace;
- Control of working hours;
- Provision of work equipment and materials by the employer;
- no visible participation in commercial transactions.

The list is not exhaustive. Likewise, not all criteria must be met cumulatively for the existence of dependent gainful employment.

Entrepreneurs (see Art. 363 CO), agents, brokers or general agents within the meaning of Art. 394 et seq. CO and shareholders who have no employment relationship with the company are not considered employees.

The interpretation of the circumstances under Swiss law is decisive for the assessment of whether a self-employed or employed activity exists. The above criteria also apply to contractual relationships concluded abroad, regardless of how they are assessed under the respective foreign law.
For explanations on employees subject to withholding tax, please refer to section 3.1 below.

2.2 Debtor of the taxable benefit

2.2.1 Principle

For the purposes of this circular, the debtor of the taxable benefit is the natural or legal person who pays the employee a benefit subject to withholding tax (see section 3.2 below). This applies to the employer, i.e. a company, group company, permanent establishment or fixed establishment where the employee is employed for the performance of gainful employment, as well as social or private insurers or third parties liable for

[1]For reasons of readability, only the masculine forms are used in this circular. Women are of course also included.

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substitute income. The prerequisite is that the debtor of the taxable supply has its domicile, registered office, effective management, permanent establishment or fixed base in Switzerland. This also includes cases of economic employer with a registered office or permanent establishment in Switzerland (e.g. staff leasing from abroad [see section 2.2.2 below] and de facto employer [see section 2.2.3 below]). If there is no debtor of the taxable supply in Switzerland, there is no withholding tax obligation.

2.2.2 In the case of staff leasing

In the case of employees who work in the context of staff leasing within the meaning of the Federal Act of 6 October 1989 on Employment Agencies and Staff Leasing (AVG; SR 823.11), the employee leasing company is generally deemed to be the employer or debtor of the taxable supply (see Art. 12 para. 1 AVG). In the case of a succession of several hiring relationships (so-called chain hiring of personnel), the last hirer who hires out the employee to the end customer or deployment company (hirer) is generally deemed to be the employer (see judgement of the Federal Supreme Court of 13 May 2015, 2C_978/2014 and 2C_979/2014).

The hiring out of personnel from abroad to Switzerland by a foreign hirer is prohibited under Article 12 para. 2 AVG. If an employee is nevertheless lent to an assignment company in Switzerland by a personnel leasing company based abroad, the Swiss assignment company is deemed to be the employer and debtor of the taxable benefit within the meaning of withholding tax law (see Art. 4 para. 2 let. c QStV). This also applies if the salary is paid by the foreign personnel leasing company (see directives and explanations of the State Secretariat for Economic Affairs SECO dated 21 November 2017 on the AVG).

See section 3.2.9 below on the taxability of benefits.

2.2.3 In the case of a de facto employer

A de facto employer exists if the employee does not (temporarily) owe their labour services to the employer with whom they have concluded the employment contract (formal employer), but to another company (usually a group company; so-called de facto or economic employer). The latter is authorised to issue instructions to the employee based on the de facto employer status. The salary payments continue to be made by the formal employer based abroad, but are charged on to the company based in Switzerland or should be charged on according to transfer pricing principles (e.g. charging on 1 : 1, charging on with a mark-up of x per cent).

The existence of de facto employer status must be examined in particular on the basis of the following criteria:

- The employee's performance forms an integral part of the Swiss company's business activities;
- The Swiss company bears the responsibility and the risk for the performance of the posted employee (or the foreign company bears a warranty obligation in connection with the work result);
- The Swiss company exercises the authority to issue instructions;
- The posted worker is integrated into the operational organisation of the Swiss company (facilities, provision of premises and work equipment, decisions on the nature and scope of the posted worker's daily work, etc.);
- The Swiss company bears the labour costs or should bear the labour costs economically.

The list is not exhaustive. Likewise, not all criteria must be met cumulatively for a de facto employer to exist.

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In order to assess whether the posted employee has to perform his work for his formal employer or for another company, an assessment must be made according to the respective circumstantial evidence. The actual circumstances are primarily decisive. The designations in the contracts are not decisive. The employer is deemed to be the natural or legal person who has the right to the work results or work services and who bears the associated responsibilities and risks. The right to the work results or work performance and the right to issue instructions are therefore the most important characteristics of the concept of an employer.

As a rule, de facto employer status is only examined for postings to Switzerland of more than three months within a twelve-month period. If it is clear from the outset that the posting will last more than three months, the withholding tax liability in Switzerland applies from the first day of work. If a posting of less than three months is agreed and it is only subsequently extended to more than three months, the withholding tax liability also begins retroactively from the first day of work in Switzerland. This is not based on the number of days worked in Switzerland, but on the agreed duration of the posting.

If an employee is posted to Switzerland by a foreign employer, there is a withholding tax liability in Switzerland if there is a de facto employer - despite any continued salary payment from abroad (cf.
Art. 4 para. 2 let. b QStV) and the de facto employer domiciled in Switzerland qualifies as the debtor of the taxable benefit.

Examples of the existence of a de facto employer:

1. *M. AG, domiciled in Zurich, concludes a service agreement with Bank X in St. Gallen for the installation of new software. It is agreed that the use of third parties (subcontractors) requires the prior written consent of Bank X. M. AG, Zurich, brings in an employee from the foreign sister company M. GmbH, based in Cologne, for a period of four months to fulfil the contract. It is agreed in the secondment contract that M. AG, Zurich, will determine the nature and scope of the work to be performed on site and provide the necessary work equipment. As compensation, the
M. AG, Zurich, shall pay M. GmbH, Cologne, CHF 45 per hour worked by the employee. As the de facto employer, M. AG, Zurich, must therefore account for the withholding tax.*
2. *P. AG, based in Berne, is in arrears with the fulfilment of orders, which is why its Italian subsidiary provides it with two employees for six months. P. AG, Bern, is the de facto employer and is therefore obliged to pay withholding tax.*

Examples of the denial of de facto employer status:

1. *R. AG, based in Lucerne, wants to renovate its commercial property and places an order with K. GmbH, based in Munich, Germany. K. GmbH, Munich, sends ten employees to Lucerne for six months to fulfil the order (= vicarious agent).*
2. *S. GmbH, based in Basel, receives the order to install new lift systems at the insurance company Y in Aarau. It may call in third parties to fulfil this order, provided it obtains the prior written consent of the insurance company Y. S. GmbH, Basel, commissions W. AG, based in Berlin, Germany, to install the cable hoists for the lift system. W. AG, Berlin, sends seven employees to fulfil the order, who install the cable system for five months (= subcontractor contract).*
3. *G. is employed by H. AG, based in Stuttgart (Germany; parent company), as head of IT (CIO) and is responsible for all IT within the group. In this function, he spends 95 working days per year at the Swiss subsidiary in Solothurn (= exclusive labour services in accordance with the employment contract with the parent company).*

See section 3.2.9 below on the taxability of the benefits.

2.3 Residence

The term "residence" is used systematically in this circular. This also includes the term "domicile" under unilateral law. For the purposes of this circular, "residence" is understood to mean the following:

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Under Swiss law, persons are deemed to be resident in Switzerland if they establish unlimited tax liability in Switzerland on the basis of personal affiliation. In accordance with Article 3 DBG, natural persons are generally subject to unlimited tax liability due to personal affiliation and thus in accordance with Article 6 para. 1 DBG if they have their tax domicile in Switzerland or if they establish a qualified residence in Switzerland.

In international relations, residence is defined in Article 4 paragraph 1 OECD-MA. Accordingly, a person is deemed to be resident in a country if they are subject to unlimited tax liability there under the law applicable in that country.

If an individual is resident in both contracting states under both unilateral Swiss law and the internal law of another state (so-called dual residence), the criteria of Article 4 paragraph 2 OECD-MA determine which contracting state is given priority as the country of residence. In the case of natural persons, the following order of priority criteria applies:

1. Permanent residence or, if such a residence exists in both countries, the centre of vital interests;
2. habitual residence;
3. nationality and
4. Result of a mutual agreement procedure between both contracting states.

If the applicable DTA assigns residence to the other state in such cases, the person is taxed in Switzerland according to the rules of limited tax liability (see Art. 5 para. 1 DBG). If there is no DTA between Switzerland and the country in question, the above provisions of Swiss domestic law apply exclusively to determine whether a person is subject to unlimited tax liability in Switzerland (i.e. domicile or residence).

According to Article 91 paragraph 1 DBG, cross-border commuters, weekly residents and short-term residents are not resident in Switzerland. Accordingly, they are only subject to withholding tax in Switzerland on their income from employment (limited tax liability; see Art. 5 para. 1 DBG).

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3 Employees taxed at source

3.1 Principles

Employees are generally subject to withholding tax on salary income and substitute income that they earn from a taxable debtor with a domicile, registered office, actual administration, permanent establishment or fixed base in Switzerland. The withholding tax liability begins with the commencement of gainful employment (also for minors; see Art. 9 para. 2 second half-sentence DBG).

3.1.1 Employees resident in Switzerland

Employees without a permanent residence permit (C permit) who are resident in Switzerland are subject to withholding tax on income from their employment. Spouses living in an unseparated marriage are not subject to withholding tax if one of the two persons is a Swiss citizen or holds a permanent residence permit. If a spouse with Swiss citizenship or a permanent residence permit is resident abroad with a separate domicile, the employee resident and working in Switzerland is still subject to withholding tax (see Art. 83 DBG).

3.1.2 Employees resident abroad

Irrespective of nationality or residence permit, an employee (cross-border commuter, weekly or short-term resident) who is resident abroad is subject to withholding tax on their salary and substitute income paid to them by a debtor with their domicile, registered office, actual administration, permanent establishment or fixed base in Switzerland (see Art. 91 para. 1 DBG). This means that an employee domiciled abroad is subject to withholding tax even if they have Swiss citizenship or a permanent residence permit. This is subject to any provisions to the contrary in the relevant DTA.

Employees who are not resident in Switzerland and who receive wages or other remuneration from an employer with a registered office or permanent establishment in Switzerland for work in international transport on board a ship, an aircraft or during transport by road are subject to withholding tax regardless of their nationality or residence permit (see Art. 91 para. 2 DBG). Whether withholding tax must be deducted in individual cases is determined by the provisions of the applicable DTA. A corresponding overview can be found in the currently valid "FTA information sheet on withholding tax on employees in international transport".

3.2 Taxable benefits

3.2.1 Income from employment subject to withholding tax

Withholding tax is calculated on gross income (Art. 84 para. 1 DBG).

All compensation paid or credited to the employee or a third party in connection with the employment relationship is taxable, in particular (see Art. 84 para. 2 let. a DBG):

- Ordinary salary (monthly salary, hourly or daily wage, piecework compensation);
- Compensation for special benefits (wages for overtime, night or extra work, work bonuses);
- all wage supplements (family allowances, meal, local and cost-of-living allowances, holiday allowances, etc.);
- Commissions, gratuities and bonus payments;
- long-service and anniversary gifts;

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- Benefits in kind (board and lodging, company car);
- Gratuities (if they make up a significant part of the salary; see margin no. 32 of the "Instructions for completing the salary statement");
- Bonuses, attendance fees,
- monetary benefits from employee shareholdings and other monetary benefits; and
- severance payments.

Other fringe benefits are to be added to the gross salary in accordance with margin numbers 19 to 26 of the "Guidelines for completing the salary statement". Benefits paid by the employer that are not subject to withholding tax within the scope of margin no. 72 of the "Guidelines for completing the salary statement" are not subject to withholding tax.

It should be noted that substitute income in connection with current, possibly temporarily restricted or interrupted, employment is also taxable (see Art. 84 para. 2 let. b DBG). In particular, daily allowances (IV, UV, ALV, KVG, etc.), partial disability pensions (IV, UV, occupational pensions, etc.), maternity allowances and compensation payments from liable third parties are therefore also taxable. Whether withholding tax is to be deducted in individual cases can be found in the applicable
"FTA information sheet on withholding tax on substitute income".

Other income (e.g. income from securities or real estate) is not subject to withholding tax, but is assessed (retrospectively) in the ordinary procedure (see Art. 4 para. 1 and Art. 89 para. 1 let. b and Art. 99b DBG).

If the debtor is domiciled abroad, the salary components paid by the debtor and taxable in Switzerland are generally subject to ordinary assessment. Withholding tax only has to be paid if these benefits are paid from a permanent establishment or fixed base in Switzerland, or if there is a hiring out of personnel from abroad (see section 2.2.2 above) or if a de facto employer (see section 2.2.3 above) is present in Switzerland (see Art. 4 para. 2 QStV), it remains to be seen whether - taking into account the relevant provisions in the DTA - the right to tax the earned income and/or the substitute income is allocated to Switzerland (see Art. 4 para. 1 QStV).

3.2.2 Income from employment subject to limited withholding tax in Switzerland

In certain cases, the taxable gross salary can be reduced to the income from Swiss working days (exceptions under the DTAs remain reserved, such as for employees in international transport, for whom the entire gross salary is taxable in Switzerland depending on the structure of the DTA). Compensation earned in a previous period (e.g. bonus payments or monetary benefits from employee shareholdings) is taxable in Switzerland at source (limited if applicable) to the extent that the salary income earned in the earnings period or vesting period was taxable in Switzerland.

For employees resident in Switzerland, the portion of the taxable benefit attributable to those working days that do not have to be exempted by Switzerland due to the performance of work abroad under a DTA (e.g. in the case of de facto employer status or if the requirements of the fitter clause are not met) is taxable.

For employees domiciled abroad, only that part of the service that is attributable to working days performed in Switzerland is taxable.

The worldwide gross earned income (including substitute income) is used to determine the rate-determining income (see Art. 7 para. 1 DBG).

Please refer to sections 6 (monthly model) and 7 (annual model) below for the calculation of taxable and rate-determining income.

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3.2.3 Employee benefit obligations assumed by the employer The gross salary

subject to withholding tax also includes

- Contributions paid by the employer to the old-age and survivors' insurance, disability insurance and income compensation scheme (1st pillar), which are legally owed by the employee;
- Regular contributions paid by the employer to collective occupational pension schemes (2nd pillar) which are owed by the employee under the law, statutes or regulations, as well as voluntary benefits paid by the employer to cover existing or future gaps in cover;
- All contributions made by the employer to recognised forms of tied pension provision (Pillar 3a) or to all forms of unrestricted pension provision (Pillar 3b) on behalf of the employee or persons close to the employee;
- Unemployment insurance contributions paid by the employer which are legally owed by the employee;
- All employer contributions to private insurance policies of the employee or persons close to the employee (e.g. health insurance) and
- The withholding tax paid by the employer (net salary agreement).

The salary component subject to withholding tax resulting from the employer's assumption of withholding tax must be calculated using the iteration method (general description of a process of repeating the same calculations several times to approximate a solution; see the example below).

Gross income subject to withholding tax is not to be included if it is assumed equally for all employees or groups of employees of a company defined in regulations:

- Regulatory benefits paid by the employer to purely patronage-financed pension schemes;
- Employer contributions to compulsory accident insurance in accordance with the Federal Law of 20 March 1981 on Accident Insurance (UVG; SR 832.20), occupational accident insurance (BUV) and non-occupational accident insurance (NBUV); and
- contributions for group daily sickness benefits and group UVG supplementary insurance taken out by the employer.

The withholding tax rates include flat-rate deductions for ordinary employee contributions to the occupational pension scheme (BVG) and the NBUV. If the regulations provide for a different allocation of contributions between employer and employee, the deduction calculated in the withholding tax rate is not adjusted.

If the employer agrees with an employee temporarily posted to Switzerland that the employee should not be disadvantaged or favoured by the different tax burden between the original country of residence and Switzerland, the employer can first deduct the tax hypothetically owed on the salary income in the original country of residence (so-called hypo-tax) from the gross salary. The Swiss withholding tax owed on this reduced gross salary is assumed by the employer. As a result, the withholding tax assumed must be added to the gross salary subject to withholding tax using the iteration method.

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Example:

- *Employee Y., who is posted to Switzerland, is granted a deduction of CHF 1 750.00 from the gross salary of CHF 7 000.00 for taxes hypothetically owed in the country of residence. The Swiss withholding tax due on this reduced gross salary is calculated as follows (using the iteration method):*

1. Step

Gross salary	**plus QST**	**Total**	**Tax rate**	**QST**
5 250.00			11.43 %	600.08
5 250.00	600.08	5 850.08	12.49 %	730.67
5 250.00	730.67	5 980.67	12.62 %	754.76
5 250.00	754.76	6 004.76	12.79 %	768.01
5 250.00	768.01	6 018.01	***12.79 %***	769.70
	etc.	etc.	etc.	etc.

The calculation must be repeated (iteration) until the tax rate, rounded to two decimal places, no longer changes.

2. Step

The **salary subject to withholding tax** (= gross salary + QST) is calculated as follows:

$$\frac{5\,250.00 \times 100}{87.21\ (100 - \textbf{\textit{12.79}})} = 6\,019.95$$

3. Step

The **QST owed** can be calculated in two ways:

$$\frac{6\,019.95 \times \textbf{\textit{12.79}}}{100} = 769.95 \quad \text{or} \quad 6\,019.95 - 5\,250.00 = 769.95$$

3.2.4 Compensation for professional expenses

Professional expenses are expenses that are necessary for the realisation of income and are directly and causally related to it (profit costs). If professional expenses are additionally compensated by the employer, this compensation is also included in taxable gross income. This includes, for example, compensation from the employer (see FDF Ordinance of 10 February 1993 on the Deduction of Professional Expenses of Employed Persons for Direct Federal Tax Purposes; Professional Expenses Ordinance; SR 642.118.1):

- For the costs of travelling to work (travel expenses),
- For the additional costs of meals away from home and
- For the employee's costs for a weekly stay away from home.

Compensation for meals is not to be added to the gross salary subject to withholding tax if it is not to be shown in the gross salary in accordance with the provisions of margin no. 18 of the "Guidelines for completing the salary statement".

With regard to the professional expenses of expatriates, reference is made to the FDF Ordinance of 3 October 2000 on the deduction of special professional expenses of expatriates for direct federal tax purposes (ExpaV; SR 642.118.3) and the "Instructions for completing the salary statement".

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3.2.5 Expense payments

Benefits paid by the employer for the reimbursement of travel expenses and other professional expenses are only excluded from taxable gross income to the extent that they are offset by actual business expenses. The receipts for these actual expenses must be retained.

In contrast, lump-sum expenses are subject to withholding tax unless they are based on expense regulations approved by the competent tax authority. Please also refer to the "Instructions for completing the salary statement".

3.2.6 Company vehicles

If the employee is provided with a company car for private use free of charge and without restriction, the relevant gross monthly salary must be increased in accordance with margin no. 21 of the "Guidelines for completing the salary statement". The limit on the deduction of travel costs in accordance with the Federal Act of 21 June 2013 on the Financing and Expansion of Railway Infrastructure (FABI; see AS 2015 p. 651 and Art. 26 para. 1 let. a DBG) does not result in any further offsets to the gross salary subject to withholding tax for the calculation of the withholding tax owed.

3.2.7 Benefits in kind

Benefits in kind are added to the salary based on their market value. The rates for meals and accommodation apply for the valuation in accordance with the currently valid "Instruction sheet of the Federal Tax Administration on the valuation of meals and accommodation for self-employed persons" (see information sheet N2 of the FTA). Please also refer to margin number 20 of the "Guidelines for completing the salary statement".

3.2.8 Severance payments

Severance payments of a non-pension nature are deemed to be taxable benefits in accordance with Article 84 paragraph 2 letter a DBG. Taxation must be based on the principles of Article 15 OECD-MA.

If, on the other hand, severance payments from the employer are of a pension nature and are paid to persons domiciled in Switzerland, they are taxed separately under the ordinary procedure, i.e. no withholding tax is deducted.

If severance payments of a pension nature are paid by the employer to persons who are not resident in Switzerland, the employer must subject the severance payment to withholding tax in accordance with the ordinary tariff codes (A, B, C, etc.; see Art. 1 para. 1 QStV). The taxpayer reserves the right to apply for a recalculation of the withholding tax or a subsequent ordinary assessment by the end of March of the tax year following the due date of the payment (see section 11 below).

The conditions under which a severance payment has or does not have the character of a pension can be found in circular no. 1 of the FTA dated 3 October 2002 on severance payments or lump-sum settlements by the employer.

3.2.9 In the case of personnel leasing or a de facto employer

In principle, the benefits that accrue to the employee are taxable. For the purposes of withholding tax, it is not decisive who pays the taxable benefits to the employee and whether the employee is resident in Switzerland or not.

Benefits that do not have the character of a salary and are paid by the hirer or the de facto employer to the personnel leasing company or the personnel leasing company are not taxable for the employee.

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the contractual employer (e.g. management fees). These benefits are (at most) subject to taxation at the level of the personnel lender or the contractual employer.

Example:

- *The employee Z., domiciled in Murten, is hired by the personnel leasing company Y. AG, Bern, to X. GmbH, domiciled in Aarau. X. GmbH pays the personnel leasing company Y. AG a gross compensation of CHF 52.00 per hour worked by Z. For its part, Y. AG pays Z. a gross salary of CHF 34.00 per hour.*

  Only the gross salary of CHF 34.00 is subject to withholding tax. The difference of CHF 18.00 per hour is taxed at Y. AG is taxed.

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4 Principles for the application of rates

4.1 General information

The withholding tax owed is calculated at the applicable withholding tax rate (rate codes A, B, C, F and H or L, M, N and P; see Art. 1 para. 1 QStV).

The applicable tariff code is based on the personal circumstances of the person liable for withholding tax at the time of payment, transfer, crediting or due date of the taxable benefit (see Art. 2 para. 1 QStV). This also applies to benefits due after the employee has left the company (e.g. bonus, severance pay).

Changes that require a new tariff classification (e.g. marriage, divorce, separation, birth of children, taking up or leaving gainful employment, joining or leaving a national church) are taken into account accordingly in the withholding tax from the beginning of the month following the change.

When determining the applicable tariff code, it is irrelevant whether the income is earned in Switzerland or abroad.

If there is no tariff classification at the time of salary payment, the debtor of the taxable benefit determines the applicable tariff code based on the information available to him from the employee.

If the employee does not provide reliable information about their personal circumstances, the debtor of the taxable benefit applies the following rates:

- For single persons and employees with undetermined marital status, tariff code A, without children and with church tax (A0Y);
- For married employees, tariff code C, without children and with church tax (C0Y).

If a person pursues several gainful activities, the individual incomes are to be taxed at the ordinary withholding tax rate (conversion for the income determining the rate; see para. 6.4 below for the calculation according to the monthly model or para. 7.3.2 below for the calculation according to the monthly model).
7.3.2 below for the calculation according to the annual model).

The application of tariff code E (simplified settlement procedure) and tariff code G (substitute income paid directly by the insurer to the person subject to withholding tax) or tariff code Q (cross-border commuters under the Agreement of 11 August 1971 between the Swiss Confederation and the Federal Republic of Germany on the avoidance of double taxation with respect to taxes on income and capital [DTA-D; SR 0.672.913.62] who meet the requirements for tariff code G) remains reserved.

4.2 One-earner and two-earner tariff for married couples (tariff codes B and C or M and N)

Rate code B (or M for cross-border commuters under the DBA-D) applies if only one of the two spouses is gainfully employed.

Tariff code C (or N for cross-border commuters under the DBA-D) applies if both spouses are gainfully employed. The other spouse is deemed to be gainfully employed if he or she is self-employed or employed in Switzerland or abroad or earns replacement income. The amount of income earned in Switzerland or abroad is irrelevant. The calculation of withholding tax for two-earner couples is based on rates that take into account their total income, the lump sums and deductions as well as the deduction for gainful employment of both spouses (see Art. 85 para. 3 DBG).

If one spouse gives up gainful employment or their entitlement to substitute income ends, the salary income of the other spouse is subject to withholding tax at the single-earner rate (rate code B or M) from the following month. When taking up gainful employment

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spouse takes up gainful employment, the two-earner rate is immediately applicable to this spouse (rate code C or N). For the other (already employed) spouse, the two-earner rate (rate code C or N) applies from the following month.

Tariff code C (or N) does not apply if the other spouse only earns income that is taxed in accordance with tariff code E via the simplified settlement procedure within the meaning of the Federal Act of 17 June 2005 on Measures to Combat Illegal Employment (BGSA; SR 822.41) (see Art. 37a DBG).

4.3 Tariff for single parents (tariff codes H or P)

In accordance with Article 36 paragraph 2bisDBG, tariff code H (or P for cross-border commuters under the DTA-D) applies to single persons who live together with children or dependants in the same household and for whose maintenance they are mainly responsible. In a cohabiting relationship with minor children under joint parental care or adult children in initial education whose maintenance is provided jointly by the parents, tariff code H (or P) with child deduction is granted to the parent who earns the higher gross income (see para. 13.4.2 of FTA circular no. 30 of 21 December 2010 on married couple and family taxation; KS 30 FTA). The right is reserved to take half of the child deductions into account as part of a recalculation of the withholding tax or a subsequent ordinary assessment (see para. 11 below).

In cases of doubt (e.g. if the income or cohabitation situation is unclear), withholding tax must first be levied at rate code A0. The taxable person reserves the right to apply for a recalculation of the withholding tax or a subsequent ordinary assessment by the end of March of the tax year following the payment (see sections 10 and 11 below).

4.4 Simplified settlement procedure (tariff code E)

Employees whose gross income (smaller salaries) is taxed under the simplified settlement procedure are taxed on this income at source using the E rate code. Employees who are generally taxed under the ordinary assessment procedure may also be subject to this withholding tax obligation. The procedure is governed by Articles 21 - 24 QStV.

The principles of the simplified settlement procedure are set out in Article 37a DBG and Articles 2 and 3 BGSA.

The employer is authorised to decide whether taxation for an activity is carried out in accordance with the provisions of the BGSA. Authorisation to settle wages using the simplified settlement procedure is granted by the AHV compensation funds.

4.5 Tariff for cross-border commuters from Italy (tariff code F)

Tariff code F applies to cross-border commuters from Italy who live in an Italian border commune within the meaning of the Agreement of 3 October 1974 between Switzerland and Italy on the taxation of cross-border commuters and financial compensation for the benefit of Italian border communes (SR 0.642.045.43) and whose husband or wife is gainfully employed outside Switzerland. The earned income earned outside Switzerland is not taken into account when calculating the rate-determining income (see the explanations on the amendment to the QStV of 25 February 2013, p. 5 - 6 in: https://www.newsd.admin.ch/newsd/message/attachments/29836.pdf). The tariff code F is only applied in the cantons of Ticino, Valais and Graubünden.

4.6 Tariffs for cross-border commuters from Germany (tariff codes L, M, N and P)

The tariff codes L, M, N and P for cross-border commuters from Germany apply regardless of nationality to employees who are resident in Germany, have their place of work in Switzerland and generally travel to their German place of work every day.

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place of residence every day. The condition for the application of these cross-border commuter rates, which are capped at a maximum of 4.5 per cent (see Art. 15a para. 1 DTA-D), is that the employer is presented with a certificate of residence from the German tax authorities on the official form (Gre-1, certificate of residence for cross-border commuters for the purpose of reducing withholding taxes in accordance with Art. 15a para. 3 sentence 1 DTA-D and the Protocol of Negotiation of 18 December 1991, or Gre-2 [extension of Gre-1]) for each calendar year. If this certificate is not submitted, the ordinary withholding tax rates (tax codes A, B, C, E and H) apply.

Employees resident in Germany who are prevented from returning to their place of residence in Germany on more than 60 working days per year for work-related reasons (so-called non-return days) are not considered cross-border commuters and are taxed according to the ordinary withholding tax rates (tariff codes A, B, C, E and H). These work-related non-return days must be certified using an official form (Gre-3, employer's certificate of non-return for more than 60 days within the meaning of Article 15a paragraph 2 DTA-D and the Protocol of 18 December 1991). The form must be submitted to the competent cantonal tax administration. The latter, or the employer on its instructions, will recalculate the amount using the applicable rate. Under- or over-calculated withholding tax will be reclaimed or refunded.

4.7 Granting of child deductions

The child deduction is based on the number of children who are minors or in initial vocational or educational training and for whose maintenance the employee is mainly responsible (see Art. 35 para. 1 DBG).

In the case of minor children, the number of child deductions must be determined according to the proven child relationship (natural child, stepchild or adopted child). Birth certificates, decisions on allowances, adoption certificates and family identity cards are considered suitable evidence.

In the case of adult children, proof of initial education must also be provided (e.g. confirmation of enrolment, apprenticeship contract, allowance decisions).

In the case of single persons with children, proof must also be provided that the child lives in the same household. Suitable evidence includes, in particular, certificates of residence, certificates of domicile and certificates from the municipality of residence. In these cases, it is generally assumed that the parent with whom the adult child lives is primarily responsible for the child's maintenance. With regard to cohabitation, please refer to the explanations above (see section 4.3 above).

For further information on child deductions, please refer to KS 30 FTA.

Examples of tariff application:

-Tariff code B:
Employee T. lives in Switzerland, the spouse is not gainfully employed. The employer receives the allowance decision on the granting of two full child allowances. Based on this, tariff code B2 is applicable.
The employee R. is gainfully employed in Switzerland as an international weekly resident, the spouse is not gainfully employed. He submits the birth certificates of his two minor children to the employer. Rate code B2 is applicable.

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- *Tariff code C:*
  Mr and Mrs R. live in Switzerland and are both gainfully employed. They receive a family allowance decision showing the two full allowances for the children. The tariff code C2 can be used by both employers.
  Mr and Mrs S. live in Austria and have a daughter together. The husband works in Switzerland and receives a differential allowance. The wife is gainfully employed in Austria. The tariff code C1 is applicable.
  Mr and Mrs W. are actually living in an unseparated marriage. The husband lives in Switzerland and the wife lives with their two children (one child is a minor, one child is an adult) in Germany (two separate residences). The husband provides the employer with a family identity card showing the two children and a confirmation of enrolment at the University of Heidelberg for the adult child. In this case, tariff code C2 is applicable, as the couple is still subject to total rate taxation.

- *Tariff code H:*
  The employee W. lives in Switzerland in a joint household with his minor child and his cohabiting partner. Both parents have parental custody. The cohabiting partner is also gainfully employed in Switzerland with a lower gross income. The employee W. is mainly responsible for the maintenance of the child and is therefore taxed according to tariff code H1. The cohabiting partner is taxable under tariff code A0.
  The employee U. lives in Switzerland. His minor child and the child's mother, who lives separately, live in Germany. As the child does not live in the same household as employee U., tariff code A0 is applicable instead of tariff code H1.
  Employee T. lives with his minor child and cohabiting partner in Germany. He is gainfully employed in Switzerland and returns to Germany at weekends. He submits an acknowledgement of paternity to his employer as well as a confirmation from the German municipality of residence regarding the shared household. As the cohabiting partner is not gainfully employed, tariff code H1 is applied.

4.8 Church tax liability

Church tax liability is governed by cantonal law. It should be noted that church taxes are generally also covered by the DTAs and Switzerland must be granted the right to levy them.

4.9 Hardship rule

At the request of a person resident in Switzerland, the competent tax authority can grant child deductions in the applicable rate to alleviate cases of economic hardship due to alimony payments (see Art. 11 para. 1 QStV). The minimum subsistence level under debt enforcement law, for example, can serve as the basis for assessing whether a case of hardship exists.

The applicable withholding tax rate is redefined taking into account the actual alimony payments (e.g. rate A2 instead of A0). The competent cantonal tax authority determines the amount of child deductions to be granted and informs the debtor of the taxable benefit and the employee of its decision.

If the maintenance contributions were taken into account when applying a tariff code, the subsequent ordinary assessment is only carried out at the request of the person liable for withholding tax (see Art. 11 para. 2 QStV).

Example:

- *Employee U., who is not subject to church tax, is divorced and pays CHF 1,500.00 per month in alimony to his ex-wife and CHF 1,000.00 each in alimony for the two minor children (= CHF 2 000.00), who live with the mother of the children (joint parental custody). His gross monthly salary is CHF 5,500.00.*

  U.'s application for application of the hardship rule is approved. The annual maintenance payments amount to CHF 42,000.00 (= 12 x CHF 1,500.00 + 12 x 2 x CHF 1,000.00). In accordance with cantonal tax law, a deduction of CHF 8,000.00 per year is granted per child. The cantonal tax administration therefore authorises the application of tariff code A5N (5 x CHF 8,000.00 = CHF 40,000.00).

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5 Delimitations

The following explains which benefits are to be settled by an employer in accordance with the ordinary rate codes for employees and which benefits are subject to separate withholding tax.

5.1 Artists, athletes and speakers

Artists, athletes and speakers who are resident in Switzerland are subject to withholding tax in accordance with Article 83 DBG if they are gainfully employed in Switzerland.

Artists, athletes and speakers resident abroad who are employed by an employer domiciled in Switzerland for a period of at least 30 days are subject to withholding tax in accordance with Article 91 DBG. The assessment of the period of at least 30 days is based on the duration of the contract agreed with the individual debtor of the taxable service, irrespective of the actual performance and rehearsal days.

If artists, athletes and speakers based abroad are employed for less than 30 days (e.g. one-off or one-time performance), they are subject to withholding tax in accordance with Article 92 DBG.

Examples:

- *An actor resident in Austria who has a four-month employment contract with the St. Gallen City Theatre and performs from Friday to Sunday and receives monthly compensation for this is subject to withholding tax at the normal rates for employees (Art. 91 DBG).*
- *A pianist resident in Poland who is employed in a piano bar in Aarau for a fortnight and performs for two hours a day is subject to the artist rate in accordance with Article 92 Paragraph 2 DBG.*
- *A four-piece band from Germany performs on one day of the Gurten Festival in Bern. The members of the band are subject to the artist's tariff for the gross fee in accordance with Article 92 paragraph 2 DBG.*

Restrictions in the DTAs must be observed (see Art. 17 OECD-MA and the currently valid FTA information sheet on withholding tax on artists, athletes and speakers).

5.2 Employee shareholdings

Monetary benefits from employee shareholdings are generally taxed at source together with other income from employment in accordance with Article 83 or Article 91 DBG. Please refer to sections 6.7 and 7.5.1 below for the possible deduction of working days performed abroad.

For further information, in particular on the pro rata taxation of employee shareholdings (see Art. 97a DBG), please refer to FTA circular no. 37 dated 22 July 2013 on the taxation of employee shareholdings.

5.3 Remuneration of the Board of Directors

Compensation paid to members of the board of directors (e.g. bonuses, attendance fees, fixed compensation, non-cash benefits from employee shareholdings) is taxed at source together with any salary payments in accordance with Article 83 DBG, provided the eligible member of the board of directors or management is resident in Switzerland.

If members of the Board of Directors are resident abroad, the compensation of the Board of Directors must be taxed at source in accordance with Article 93 DBG. It should be noted that compensation paid to board members resident abroad may be taxable at source in accordance with both Article 91 DBG (salary income) and Article 93 DBG (compensation paid to board members). The tax liability pursuant to Article 91

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DBG applies if the compensation is paid for operational activities (e.g. management tasks). Only remuneration for supervisory functions is subject to withholding tax in accordance with Article 93 DBG. If a person subject to withholding tax is simultaneously liable for withholding tax in accordance with Article 91 DBG (salary) and Article 93 DBG (compensation of the Board of Directors), this does not result in a correction of the rate-determining income for salary income.

Examples:

1. *Board member R. is resident in Switzerland and receives a gross salary of CHF 10,000.00 in March in addition to the Board of Directors' remuneration of CHF 5,000.00.*
   The total income (= CHF 15,000.00) is therefore subject to withholding tax in accordance with Article 83 DBG (ordinary tariff codes).
2. *Same situation as before with the difference that the member of the Board of Directors is resident abroad.*
   As a result, the gross salary is subject to withholding tax under Article 91 DBG (ordinary, progressive rate code) and the director's fee is subject to withholding tax separately under Article 93 DBG (linear rate).

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6 Calculation of withholding tax according to the monthly model

6.1 Preliminary remarks

If the withholding tax is calculated using software certified by Swissdec[2], the applicable Swissdec guidelines are authoritative for the calculation of the withholding tax to be deducted. In special cases and/or situations, the calculation of withholding tax may deviate to a small extent from this circular.

6.2 Principles

When calculating the withholding tax according to the monthly model, the month is regarded as the tax period. The monthly gross income is decisive for the calculation of the tax deduction, i.e. all taxable benefits paid to the employee subject to withholding tax in the corresponding month are generally added together and subject to withholding tax as a whole.

The circumstances at the time the taxable benefit falls due are decisive for the withholding tax deduction. Normally, the withholding tax due is calculated on the basis of the gross income for a month by multiplying the gross income by the tax rate in accordance with the applicable withholding tax rate. The same procedure applies if the employee is employed on an hourly wage and is paid monthly.

In individual cases, it may be necessary to calculate the rate-determining income (see section 6.3 ff. below). This is the case, for example, if there are several employment relationships, if the employment relationship starts or ends in less than a month, or if taxpayers who are not resident in Switzerland work abroad.

The 13th month's salary is generally taxable at source in the month of payment.

6.3 Rate-determining income for the 13th monthly salary

If the 13th month's salary is paid monthly in accordance with the employment contract, the entire gross salary is subject to withholding tax.

If the employment contract does not provide for a monthly payment, it is not permitted to smooth the tax rate by allocating the 13th month's salary on a monthly basis.

If the 13th month's salary is paid quarterly, semi-annually or annually, the portion of the 13th month's salary is to be added to the other rate-determining income of the month of payment as follows for the determination of the rate-determining income (entitlement of the employee depending on the duration of the employment relationship):

- quarterly payment: 25 per cent of a full 13th month's salary;
- half-yearly payment: 50 per cent of a full 13th month's salary;
- annual payment: 100 per cent of a full 13th month's salary.

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[2]The purpose of the Swissdec Association is to standardise, harmonise and simplify the (electronic) transmission of data (in particular salary data) which companies and employers are required to provide to authorities or insurance companies on the basis of a legal obligation or contractual agreement for further processing in accordance with the law. Members of the association are SUVA, eAHV/IV, the Swiss Insurance Association, the Federal Statistical Office and the Swiss Tax Conference.

Example of 13th monthly salary:

- Semi-annual payment of the 13th month's salary (June / December) in accordance with the employment contract: Employee S. leaves the company on 31 May 2021 and receives the contractually agreed 13th month's salary in addition to the salary payment of CHF 6,000.00 (pro rata for the period from 1 January 2021 - 31 May 2021). The pro rata 13th month's salary paid out is to be converted in relation to the period for which it is paid (based on 30 days per month or 360 days per year).

Benefits	***taxable***	***rate-determining***	***Calculation***
Periodic salary payment	6 000	6 000	
13th monthly wage	2 500	3 000	2 500 / 150 x 180
Total salary	**8 500**	**9 000**	

Please refer to the examples in section 6.6 below for the calculation of the rate-determining income for the 13th monthly salary in the event of entry or exit during the month.

6.4 Rate-determining income for one or more part-time jobs

If an employee is only employed by one employer on a part-time basis and does not earn any other income or replacement income, the salary does not have to be converted for the purpose of determining the rate. For the determination of the rate-determining income in the case of employment on an hourly or daily wage, the explanations under para. 6.5 below must be observed.

If an employee subject to withholding tax has several employment relationships (including substitute income) at the same time or receives salary payments and/or substitute income from different debtors of the taxable benefit, the rate-determining income for each individual employment relationship or insurance relationship must be determined as follows:

1. Conversion to the effective total degree of employment of all gainful activities (incl. substitute income) of the employee;
2. Conversion to a degree of employment of 100 per cent if the employee does not disclose the effective total degree of employment;
3. Conversion to the actual total gross income if the income is known or disclosed to the debtor of the taxable benefit (e.g. in a group or several employment contracts with the same debtor of the taxable benefit).

This also applies if one or more of the gainful activities is or are performed outside Switzerland or if substitute income is or is paid abroad.

Part-time employees must inform their employer(s) whether they are engaged in one or more other gainful activities (employed or self-employed) or whether they receive replacement income (see Art. 136 DBG).

If the employee discloses neither the workload nor the salary earned from the other activity, each employment relationship must be converted to a 100 per cent workload for the rate-determining income.
100 per cent workload. Otherwise, the provisions of the employment contracts must be taken into account. The same procedure also applies to persons who perform one of the activities on an hourly or daily wage but receive a regular monthly salary (see also section 6.5 below). In these cases, the usual working hours are used to determine the workload. In the case of replacement income, the degree of incapacity for work or disability is decisive.

If the workload of a gainful activity cannot be determined (e.g. for a part-time caretaker position with salary compensation), the debtor of the taxable benefits may claim the taxable income from the employer.

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The debtor of the taxable benefit can offset the amount used as the basis for calculating tariff code C in the relevant tax year to determine the rate-determining income. This amount is published annually by the competent tax authorities together with the other calculation bases (see Art. 85 para. 2 DBG).

If a salary payment subject to withholding tax consists of both periodic and non-periodic salary components (see section 6.6 below), only the periodic salary components are to be converted for the rate determination.

If further gainful employment is taken up, the conversion must be carried out from the following month. Correspondingly, if further gainful employment ends, no further conversion is to be carried out from the following month.

The conversion does not have to be carried out if the only additional earned income is taxed according to tariff code E.

The employee can apply to the competent tax authority for a recalculation of the withholding tax or a subsequent ordinary assessment by 31 March of the tax year following the due date of the benefit (see section 11 below).

Examples:

1. *Two employment relationships in Switzerland (total workload: 100 %):*
   Employee Z. is employed by F. AG, Bern, and by K. AG, Thun, and earns the following salary income:

Employer	***Workload***	***Gross salary***	***rate-determining***
F. AG (CH)	50 %	4 500	9 000
K. AG (CH)	50 %	4 000	8 000

2. *Two employment relationships in Switzerland (total workload: 90 %):*
   Employee Z. is employed by M. AG, Bern, and by T. AG, Thun, and earns the following salary income (neither employer is aware of the other's workload):

Employer	***Workload***	***Gross salary***	***rate-determining***
M. AG (CH)	50 %	4 500	9 000
T. AG (CH)	40 %	4 400	11 000

3. *Two employment relationships in Switzerland (total workload: 90 %):*
   Employee Z. is employed by M. AG, Bern, and by T. AG, Thun, and earns the following salary income (both employers are aware of the other workload):

Employer	***Workload***	***Gross salary***	***rate-determining***
M. AG (CH)	50 %	4 500	8 100
T. AG (CH)	40 %	4 400	9 900

4. *Two employment relationships in Switzerland (1 workload of 70 % plus bonus and 1 workload of 30 %):*
   Employee Z. is employed by G. AG, Berne, at 70 % plus bonus and by H. AG, Thun, at 30 % and earns the following salary income:

Employer	***Workload***	***Gross salary***	***rate-determining***
G. AG (CH)	70 %	4 550	6 500
G. AG (CH)	bonus	2 000	2 000
G. AG (CH)		**6 550**	**8 500**
H. AG (CH)	30 %	1 200	4 000

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5. *Two employment relationships in Switzerland (1 workload 60 % and 1 employment relationship on an hourly wage; CHF 30.00 per hour):*
The employee W. is employed by Z. AG, Zurich, at 60% and at J. AG, Winterthur, on an hourly wage. In April, W. works at J. AG for 35 hours. The normal working hours at J. AG are 182 hours per month (= 42 hours per week). His workload at J. AG is therefore 19.23%. Neither employer is aware of the other's workload. W. earns the following salary income:

Employer	***Workload***	***Gross salary***	***rate-determining***
Z. AG (CH)	60 %	3 400	5 667
J. AG (CH)	19,23 %	1 050	5 460

6. *Two employment relationships with the same debtor of the taxable benefit in Switzerland:*
The employee S. is employed by A. AG, Aarau, 80% as a clerk and 20% as a caretaker. The rate-determining income is calculated by adding the two gross salaries. S. earns the following salary income:

Activities	***Workload***	***Gross salary***	***rate-determining***
Clerk	80 %	4 400	5 300
Caretaker	20 %	900	5 300

7. *One employment relationship in Switzerland and one employment relationship abroad (total workload 70 %):*
The employee Z. is employed by R. AG, Bern (= place of work), and by H. AG, Stuttgart (= place of work). The workload at the foreign employer is known to R. AG, Bern. Z. earns the following salary income:

Employer	***Workload***	***Gross salary***	***rate-determining***
R. AG (CH)	50 %	4 500	6 300
H. AG (D) [1]	20 %	n.a.	n.a.

[1]Taxable in Germany

8. *Wage income and substitute income:*
Employee Z. receives the following compensation, which is known to both debtors of the taxable benefits:

Employer/insurance company	***Workload/ IV degree***	***Gross salary/pension***	***Rate-determining***
P. AG (CH)	60 %	6 000	10 000
IV pension (CH) [1]	40 %	2 000	5 000

[1]Taxation with tariff code G

9. *Wage income and activity without workload:*
Employee Z. receives the following compensation:

Employer	***Workload***	***Gross salary***	***Rate-determining***
R. AG (CH)	100 %	7 000	7 000
Secondary employment (CH)	n.a.	500	5 425[1]

[1]Maximum rate-determining income of the spouse for tariff code C (as at 1 January 2019)

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6.5 Gainful employment on an hourly or daily wage basis

If an employee subject to withholding tax is employed on an hourly or daily wage and the salary is not paid in the form of a monthly payment (e.g. weekly salary payment, irregular payments according to submitted timesheets), a rate-determining monthly income must always be determined by converting to 180 hours in the case of employment on an hourly wage or by converting to 21.667 days in the case of employment on a daily wage. Only the agreed current hourly or daily salary (including holiday and public holiday pay and other compensation paid on an hourly or daily basis) is to be converted. In addition, only lump-sum payments for generally recurring benefits - without conversion - are to be included in the salary income determining the rate.

This flat-rate calculation of the rate-determining income covers cases with several gainful activities as well as those with entries and exits during the month.

Withholding tax must be deducted at the time the salary is paid. Holiday and public holiday bonuses are taxable at the time of settlement and payment of the hourly or daily wage. However, the withholding tax received by the debtor of the taxable benefit is paid monthly (see sections 9.3.1 and 9.3.2 below). If an employee subject to withholding tax is employed at different hourly or daily rates of pay within a salary payment period, the rate-determining income for the monthly withholding tax calculation must be calculated using the weighted average (total hourly or daily salary paid including holiday and public holiday compensation / hours or days worked in the corresponding salary payment period x 180 hours or 21,667 days).

If the employee does not agree with the withholding tax deducted from his salary, he can apply to the competent tax authority for a recalculation of the withholding tax or a subsequent ordinary assessment by 31 March of the tax year following the due date of the benefit (see section 11 below).

Examples:

1. *Employee E. is employed by the personnel leasing company O. AG. From 1 to 31 March 2021, he has assignments at various companies. He receives a salary of between CHF 32.00 and CHF 40.00 per hour from the personnel leasing company, depending on the activity at the company of assignment. 152 hours are worked in the entire month. The salary is paid to him weekly after submission of the work reports.*

Week	***Hourly wage***	***Wage***	***Hours***	***Factor***	***rate-determining***	***Rate***	***Source tax***
1st week	32	1 024	32	180	5 760	11.1 %	113.65
2nd week	35	1 330	38	180	6 300	12.0 %	159.60
3rd week	33	1 485	45	180	5 940	11.4 %	169.30
4th week	40	1 480	37	180	7 200	13.5 %	199.80
Total		**5 319**	**152**	**180**	**6 299**		**642.35**

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2. *The employee F. is employed by P. AG on a call-off basis. F. has agreed a gross daily compensation of CHF 190.00 with P. AG. In May 2021, he works 11 days for the company. The salary totalling CHF 2,090.00 is paid to him weekly. F. also works for R. AG on an hourly wage. In May 2021, he works 70 hours and receives a gross wage of CHF 22.00 per hour. The normal working hours are 42 hours per week or 182 hours per month. The salary is paid at the end of the month (monthly salary).*

Week	Daily wage/workload	Wage	Hours or days	Factor	rate-determining	Rate	Source tax
P. AG	190.00	2 090	11	21,667	4 117	7.5 %	156.75
R. AG	38.46 %	1 540[1]	70	100 %	4 004	7.2 %	110.90

[1]*In the case of monthly salary payments, the conversion must be made on the basis of the workload, which is to be determined on the basis of the normal working hours.*

3. *The employee G. is employed as a cleaner by Q. AG on an hourly wage. His weekly working hours are between 16 and 20 hours. In April 2021, he works 70 hours for Q. AG FOR 70 HOURS. His salary is CHF 23.00 per hour and will be paid to him after evaluation of the submitted work reports. In addition, he also works for T. AG at 50% of his monthly salary. His salary there is CHF 2 400.00 per month. Neither employer is aware of the salary at the other employer.*

Employer	Hourly wage/workload	Wage	Hours	Factor	rate-determining	Rate	Source tax
Q. AG	23.00	1 610	70	180	4 140	7.5 %	120.75
T. AG	50 %	2 400	-	100 %	4 800	9.5 %	228.00

4. *Employee H. is employed by S. AG from 17 to 28 June 2021 on an hourly wage. He works 72 hours during this period, for which he is paid CHF 35.00 gross per hour. The entire salary will be paid to him at the end of the employment relationship.*

Employer	Hourly wage	Wage	Hours	Factor	rate-determining	Rate	Source tax
S. AG	35.00	2 520	72	180	6 300	13.0 %	327.60

5. *The employee M. works for L. AG. He is employed on an hourly wage and earns CHF 35.00 per hour. In April 2021, the employee settles his payroll for 5 weeks and in May 2021 for 2 weeks. The payroll submitted in April 2021 shows 195 hours and the payroll for May 2021 shows 50 hours.*

Payroll	Hourly wage	Wages	Hours	Factor	rate-determining	Rate	Source tax
April 2021	35.00	6 825	195	180	6 300	13.0 %	887.25
May 2021	35.00	1 750	50	180	6 300	13.0 %	227.50

Translate with Excel - Pro

6. *The employee N. works for K. AG. He is employed on an hourly wage and earns CHF 35.00 per hour. In July 2021, the employee accounts for 75 working hours for 2 weeks and for the remaining time in July 2021 he receives a daily sickness allowance totalling CHF 2,000.00 paid by the employer. In addition, he is paid a family allowance of CHF 1,200.00 for 6 months. This family allowance is made up of the ordinary family allowance for the month of July 2021 and an additional payment of five months for the months of February - June 2021.*

Payroll	***Hourly wage***	***Wage***	***Hours***	***factor***	***taxable***	***rate-determining***
Wages	35	2 625	75	180	2 625	6 300
Daily allowance		2 000			2 000	-
Family allowance		1 200			1 200	1 200
Total					**5 825**	**7 500**

6.6 Calculation of withholding tax for entries and exits during the month

If the employment relationship begins or ends during the course of a month, the gross income earned in the month of joining or leaving must be converted to 30 calendar days in order to determine the rate-determining income. Only the regular or periodic salary components are converted, but not the irregular or aperiodic salary components (see margin no. 27 of the "Instructions for completing the salary statement"). Aperiodic salary components are only to be added after the periodic salary components have been converted. This rule also applies to hourly and daily paid positions, provided that the salary payments are made on the basis of a monthly salary (cf. Section 6.5 above).

- *Special cases for determining the number of days in the month of joining or leaving (same method as for calculating social insurance days):*
  - *Entry on 31 March 2023 = 1 day*
  - *Entry on 30 March 2023 = 1 day*
  - *Entry on 29 March 2023 = 2 days*
  - *Entry on 29 February 2024 (leap year)= 1 day*
  - *Entry on 28 February 2024 (leap year)= 1 day*
  - *Entry on 28 February 2023= 1 day*
  - *Entry on 27 February 2023= 4 days*
  - *Leaving on 31 March 2023= 30 days*
  - *Leaving on 30 March 2023= 30 days*
  - *Leaving on 29 March 2023= 29 days*
  - *Leaving on 29 February 2024 (leap year)= 30 days*
  - *Leaving on 28 February 2024 (leap year)= 30 days*
  - *Leaving on 28 February 2023= 30 days*
  - *Leaving on 27 February 2023= 27 days*

The following non-periodic benefits do not form part of the gross monthly salary to be converted (the list is not exhaustive)

- Overtime compensation
- Compensation for holiday credits not taken
- Seniority bonuses
- Bonus payments

Translated with DeepL Pro

- Bonuses
- Directors' fees
- Severance payments
- Gratuities
- Monetary benefits from employee shareholdings

Examples with non-periodic benefits:

1. *Employee S. leaves the company on 16 March 2022 and, in addition to the pro rata salary payment of CHF 3,500.00, receives compensation for unused holiday credits of CHF 1,000.00.*
   He will also receive a severance payment of CHF 5,000.00. The salary payment is to be converted to 30 days to determine the rate. The non-periodic benefits (compensation for unused holiday credits and severance pay) are not to be converted.

Benefits	***taxable***	***rate-determining***	***Calculation***
Periodic salary payment	3 500	6 562.50	3'500 / 16 x 30
Compensation for non holiday credits taken	1 000	1 000.00	No conversion
Severance pay	5 000	5 000.00	No conversion
total	**9 500**	**12 562.50**	

2. *The employee D. works for M. AG (50 %) and C. AG (40 %), both based in Switzerland. D. terminates his employment with C. AG on 15 March. In addition to the pro rata salary payment, he receives a severance payment of CHF 500.00 and the pro rata payment of the 13th month's salary.*

Benefits	***M. AG (CH)***	***C. AG (CH)***	***Calculation of***
Workload	50 %	40 %	
Salary (periodic)	2 600	1 000.00	
Severance pay (non-periodic)	-	500.00	
Share of 13th monthly salary	0	416.67	
1. conversion resignation:			
Rate determination 13th monthly salary	0	2 000	416.67 / 75 x 360
Determination of leaving rate (for 30 days)	2 600	2 000	1 000 / 15 x 30
2. conversion multiple employers			
Rate determination part-time workload	5 200	9 000	2 000 + 2 000 / 40 % x 90 %
Severance pay		500	
Total rate determination	**5 200**	**9 500**	

Translated with DeepL Pro

Examples 13th monthly salary:

3. *Semi-annual payment of the 13th month's salary (June / December) in accordance with the employment contract: Employee S. leaves the company on 15 June 2021 and receives the contractually agreed 13th month's salary in addition to the pro rata salary payment of CHF 3,000.00 (pro rata for the period from 1 January 2021 - 15 June 2021). The salary payment must be converted to 30 days to determine the rate. The pro rata 13th month's salary paid must be converted in relation to the period for which it is paid (based on 30 days per month or 360 days per year).*

Benefits	***taxable***	***rate-determining***	***Calculation***
Periodic salary payment	3 000	6 000	3 000 / 15 x 30
13th monthly wage	2 750	3 000	2 750 / 165 x 180
Total salary	**5 750**	**9 000**	

4. *Quarterly payment of the 13th month's salary (March / June / September / December) in accordance with the employment contract:*
Employee S. leaves the company on 15 October 2021 and receives the contractually agreed 13th month's salary in addition to the pro rata salary payment of CHF 3,000.00 (pro rata for the period from 1 October 2021 - 15 October 2021). The salary payment must be converted to 30 days to determine the rate. The pro rata 13th month's salary paid must be converted in relation to the period for which it is paid (based on 30 days per month or 360 days per year).

Benefits	***taxable***	***rate-determining***	***Calculation***
Periodic salary payment	3 000	6 000	3 000 / 15 x 30
13th monthly wage	250	1 500	250 / 15 x 90
Total salary	**3 250**	**7 500**	

5. *Semi-annual payment of the 13th month's salary (June / December) in accordance with the employment contract: Employee V. joins the company on 1 February 2021 and leaves again on 15 June 2021 and receives the contractually agreed 13th month's salary in addition to the pro rata salary payment of CHF 3,000.00 (pro rata for the period from 1 February 2021 - 15 June 2021). The salary payment must be converted to 30 days to determine the rate. The pro rata 13th monthly salary paid is to be converted in relation to the period for which it is paid (basis 30 days per month or 360 days per year).*

Benefits	***taxable***	***rate-determining***	***Calculation***
Periodic salary payment	3 000	6 000	3 000 / 15 x 30
13th monthly wage	2 250	3 000	2 250 / 135 x 180
Total salary	**5 250**	**9 000**	

6. *Annual payment of the 13th month's salary (December) in accordance with the employment contract: Employee V. leaves the company on 15 December 2021 and receives the contractually agreed 13th month's salary in addition to the pro rata salary payment of CHF 3,000.00 (pro rata for the period from 1 January 2021 - 15 December 2021). The salary payment must be converted to 30 days to determine the rate. The pro rata 13th month's salary paid must be converted in relation to the period for which it is paid (based on 30 days per month or 360 days per year).*

Benefits	***taxable***	***rate-determining***	***Calculation***
Periodic salary payment	3 000	6 000	3 000 / 15 x 30
13th monthly wage	5 750	6 000	5 750 / 345 x 360
Total salary	**8 750**	**12 000**	

Translated with DeepL Pro

7. *Annual payment of the 13th month's salary (December) in accordance with the employment contract: Employee V. joins the company on 1 April 2021 and leaves again on 15 October 2021 and receives the contractually agreed 13th month's salary in addition to the pro rata salary payment of CHF 3,000.00 (pro rata for the period from 1 April 2021 - 15 October 2021). The salary payment must be converted to 30 days to determine the rate. The pro rata 13th monthly salary paid is to be converted in relation to the period for which it is paid (basis 30 days per month or 360 days per year).*

Benefits	***taxable***	***rate-determining***	***Calculation***
Periodic salary payment	3 000	6 000	3 000 / 15 x 30
13th monthly wage	3 250	6 000	3 250 / 195 x 360
Total salary	**6 250**	**12 000**	

6.7 Separation of working days performed abroad

Persons subject to withholding tax who are resident in Switzerland and who work abroad for a Swiss employer are in principle also liable to pay tax in Switzerland on the salary income from these foreign working days under Swiss law. However, if the requirements of the fitter clause (see Art. 15 OECD-MA) are not met according to the applicable DTA, the tax authority falls to the country of employment.

In the case of persons subject to withholding tax who are not resident in Switzerland and who are employed by an employer with a registered office or permanent establishment or actual administration in Switzerland, the debtor of the taxable benefit may exclude working days performed abroad in accordance with domestic law as follows:

Only those working days on which the activity was actually performed outside Switzerland are to be excluded. Paid days of absence on which no work is to be performed (in particular holidays, sick days) are not subject to tax exclusion. The Swiss working days relevant for withholding tax are generally determined by subtracting the foreign working days from the total of 20 working days per month or from the total of 240 working days per year. A foreign working day is deemed to be every working day outside Switzerland as well as all outward and return days on which the employee worked exclusively or mainly abroad.

Examples:

1. *Employee Z. is an international weekly resident in Switzerland. His employer is based in Zurich. Z. carries out his work at his fixed workplace in Zurich. During the month of September, he exceptionally worked in Austria on 5 days. In addition, he took 10 days' holiday, which he spent in Italy. Z. receives a gross salary of CHF 8,000.00 in the month of September. The Swiss working days that are relevant for the separation are calculated by subtracting five foreign working days from the total of 20 working days per month. Based on this, the taxable income is to be calculated as follows or the rate-determining income is to be determined as follows:*

Total working days:	*20 days*
Working days Switzerland:	*20 days - 5 days = 15 days*
Relevant elimination ratio:	*15 Swiss working days to the total of 20 working*
days Taxable income:	*CHF 8 000.00 / 20 x 15 = CHF 6 000.00*
Rate-determining income:	*CHF 8 000.00*

Translated with DeepL Pro

2. *Employee B. is an international weekly resident and receives a gross salary of CHF 10,000.00 in April 2021 as well as a bonus for the previous year of CHF 30,000.00. In April, he worked in the UK on 4 days. In the previous year, employee B. worked in Switzerland on a total of 200 out of 240 working days.*

Calculation of taxable gross salary April 2021:

Total number of working days:	*20 days*
Working days in Switzerland:	*20 days - 4 days = 16 days*
Relevant elimination ratio:	*16 Swiss working days to the total of 20 working*
days Taxable income:	*CHF 10 000.00 / 20 x 16 = CHF 8 000.00*

Calculation of taxable bonus previous year:

Total working days previous year:	*240 days*
Working days Switzerland previous year:	*240 days - 40 days= 200 days*
Relevant separation ratio:	*200 CH working days to the total of 240 working*
days Taxable income:	*CHF 30 000.00 / 240 x 200 = CHF 25 000.00*
Total taxable April 2021:	*CHF 33 000.00 (CHF 8 000+ CHF 25 000)*
Rate-determining income April 2021:	*CHF 40,000.00 (CHF 10,000+ CHF 30,000)*

The relevant working days must be recorded in a calendar, which must be enclosed with the withholding tax statement. If the employer calculates the withholding tax electronically (e.g. via ELM-QSt), the calendar must be sent by post to the competent tax authority as long as no electronic transmission option is available.

If no account is taken of foreign working days when the employer calculates the withholding tax deduction or if the employee does not agree to the number of days worked abroad being deducted, the employee can apply to the competent tax authority for a recalculation of the withholding tax or a subsequent ordinary assessment by 31 March of the tax year following the due date of the benefit (see section 11 below). The calendar must be signed by both the employee and the employer and submitted together with the application.

The rules of international tax law or the corresponding international treaty agreements (e.g. DTAs, mutual agreements) are decisive for the separation in the context of a retrospective correction.

6.8 Calculation of withholding tax for benefits before commencement of the employment relationship

Compensation paid to the employee by the employer before the start of the employment relationship (e.g. sign-on bonus) is subject to the provisions of Article 17 DBG under Swiss law.

For persons resident in Switzerland who are subject to withholding tax, the withholding tax on the entire benefit must therefore be calculated according to the personal circumstances at the time the benefit is paid.

If a person resident abroad receives such a benefit, withholding tax must be levied on it. The benefit is linked to an employment relationship that is taxable in Switzerland, which is why the principles of Article 15 OECD-MA must be observed. In this case too, the circumstances at the time the benefit is paid are decisive for the deduction of withholding tax.

The person subject to withholding tax who is not subject to mandatory retrospective assessment (see Art. 89 DBG) may apply for a recalculation of the withholding tax or a retrospective ordinary assessment by 31 March of the tax year following the payment (see section 11 below).

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6.9 Calculation of withholding tax for benefits on or after termination of the employment relationship

If the employment relationship is terminated, benefits that have already become due on this date but are not paid to the employee until later (overtime credits, unused holiday credits, etc.) are subject to withholding tax together with the gross income of the last month of employment, i.e. the withholding tax deduction must be calculated on the total amount of the benefits paid. The applicable rate code is the same as that applicable at the time of the last salary payment. Any withholding tax already deducted for the month in question must be offset against the total withholding tax owed for that month. The withholding tax on these benefits is owed in the same canton as the withholding tax deducted from the last salary payment.

In the case of benefits to which the legal claim only arose after the end of the employment relationship (e.g. bonus payments or severance payments subsequently decided by the management or subsequently enforced salary claims), the withholding tax deduction must be calculated separately. The circumstances at the time of payment of this benefit are decisive for determining the applicable rate code. All earned income (including substitute income) earned by the employee in the same month - both abroad and in Switzerland - must be taken into account when determining the rate-determining income. If the employer is not aware of this additional income, he can take into account the last gross monthly salary paid by him and subject to withholding tax to determine the rate. Any restrictions imposed by DTAs must be observed (see section 6.7 above).

Continued salary payments to an employee domiciled abroad who is released from his duties following dismissal are taxed at source (see Art. 91 DBG) as they are based on an employment contract that is still valid and on an activity carried out in Switzerland. Withholding tax must be paid on a reduced gross salary (subject to progression) if the work would presumably have been performed abroad without the exemption. If the work would presumably have been performed as a cross-border commuter within the meaning of Art. 15a of the DTA with Germany, the corresponding rates are applicable.

The (former) employee may request a recalculation of the withholding tax or a subsequent ordinary assessment by 31 March of the tax year following the due date of the payment (see section 11 below).

Examples:

1. *Taxation of holiday credits paid out retrospectively:*
   Employee Z. leaves the company R. on 30 September 2021. The taxable benefit in September 2021 amounts to CHF 5,500.00 and the withholding tax deduction to CHF 649.55. The employer has made the corresponding withholding tax settlement on time. As a result, employee Z. receives a subsequent payment of CHF 500 in November 2021 for unused holiday credits. The withholding tax owed in November 2021 is to be calculated as follows:

Benefits	***to be settled Sept. 2021***	***to be settled Nov. 2021***
Gross salary	5 500	5 500
Holiday credit		500
Total holiday pay	***5 500***	***6 000***
Total withholding tax on CHF 6 000		757.20
Withholding tax paid in September 2021		- 649.55
Withholding tax owed in November 2021 (withholding tax credit for September 2021)		***107.65***

Translated with DeepL Pro

2. *Taxation of a bonus payment:*
The employee Y. is resident in Austria and leaves the company T. on 30 November 2021. The last salary payment in November 2021 amounts to CHF 8,000.00. In April of the following year, he receives a bonus of CHF 15,000.00, which was decided by the management of the T. company in April 2022. This bonus is taxable separately in the month of payment (April 2022). As the legal entitlement to the bonus only arose in April 2022 (management decision), no rate adjustment has to be made on the last salary payment (November 2021; CHF 8,000.00). The circumstances at the time of payment of the benefit are decisive for determining the rate and for determining the rate-determining income. As these circumstances are not known to T., it takes into account the last gross salary it paid out to determine the rate-determining income. As Y. worked abroad for 66 of a total of 220 working days (20 working days per month from January to November) in 2021 (earnings period), the bonus is only subject to withholding tax in Switzerland in the amount of CHF 10,500.00 (CHF 15,000.00 / 220 x 154) at the rate of CHF 23,000.00 (last monthly salary CHF 8,000.00 + bonus CHF 15,000.00).

Benefits	***taxable***	***Rate***	***rate-determining***
Gross salary (Nov. 2021)	8 000	15,0 %	8 000
Bonus (Apr. 2022)	10 500	27,0 %	23 000
Withholding tax paid November 2021		1 200	
Withholding tax owed April 2022		***2 835***	

3. *Taxation of a bonus payment to a cross-border commuter from Germany:*
The employee W. leaves the company X. on 30 November 2021. W. qualifies as a cross-border commuter within the meaning of Article 15a DTA-D. The last salary payment in November 2021 amounts to CHF 8,000.00 and was taxed at source at a rate of 4.5 %. In April of the following year, he receives a bonus of CHF 21,000.00, which was decided by the management of company X. in April 2022. This bonus is taxable separately in the month of payment (April 2022), as the legal entitlement arose in this month (resolution by the management of company X.). No rate correction is to be made for the last month of employment (November 2021). Company X. has no knowledge of the current income situation of W. As employee W. was a cross-border commuter within the meaning of Article 15a DTA-D in the period of employment (2021), the bonus is taxable at source at a maximum rate of 4.5 %.

Benefits	***Taxable***	***Rate***	***rate-determining***
Gross salary (Nov. 2021)	8 000	4,5 %	8 000
Bonus (Apr. 2022)	21 000	4,5 %	29 000
Withholding tax paid November 2021		360	
Withholding tax owed April 2022		***945***	

4. *Special case of cross-border commuters from Germany with form Gre-3:*
If employee W. (see previous example) had declared more than 55 non-return days for the period from January to November in 2021 using form Gre-3 (60 / 12 x 11), any working days performed abroad would have to be deducted in the same way as in the previous example (taxation of a bonus payment to an employee resident in Austria).

5. *Taxation of continued salary payments under a terminated employment relationship:*
Employee Z., who is resident in Italy, is dismissed on 24 September 2021 with effect from 31 December 2021. He is released from work for the remaining months of October, November and December 2021. During his leave of absence, Z continues to receive his monthly gross salary of CHF 7,000. 60 working days were spent abroad (= 180 Swiss working days) in the previous 12-month reference period. This results in a taxable gross salary for the months of October to December 2021 of CHF 5,250.00 (CHF 7,000.00 / 240 working days x 180 Swiss working days), which is taxable at source at the rate of CHF 7,000.00.

Translated with DeepL Pro

6.10 Substitute income paid to the employer

No withholding tax is payable by the insurance company on substitute income (daily allowances) paid by the insurance company to the employer. The employer deducts the withholding tax from the gross compensation owed to the employee and applies the relevant tariff code or tax rate.

Example:

- In March 2021, the employer owes the unmarried employee T. a gross monthly salary of CHF 4 500.00 and a daily accident benefit (replacement income) of CHF 1 000.00, which the insurance company transfers to the employer.

The entire compensation of CHF 5,500 is taxable at source. The ordinary tax code (A0) must be applied.

6.11 Substitute income that is not paid via the employer

Replacement income (daily allowances, pensions, etc.) that is paid directly to the beneficiary (employee) by an insurance company, compensation fund, unemployment fund (service provider), for example, must be taxed at source by the service provider using tariff code G or, for cross-border commuters from Germany, tariff code Q (see Art. 1 para. 1 let. g QStV).

If other earned income is earned in addition to the replacement income, the replacement income and the earned income must be converted for the tax rate (see section 6.4 above). In the case of income that is paid in accordance with the insured income, this is deemed to be the rate-determining income.

For the withholding tax on substitute income, in particular its definition in an international context, please refer to the applicable "FTA information sheet on the withholding tax on substitute income".

Example:

- Daily sickness allowance for 12 calendar days (paid out directly) and an employment relationship: Employee T. receives a gross daily sickness allowance of CHF 1,800.00 for 12 calendar days (12 / 30 calendar days= 40 %) from the insurance company. T. receives a gross salary of CHF 3,000.00 from his employer, F. AG, for a 60% workload:

Service provider/ employer	***Workload***	***Gross daily allowance/wage***	***Rate-determining salary or insured earnings***	***Tariff code***
F. AG	60 %	3 000	5 000	A0
Daily sickness allowance for 12 days	40 %	1 800	4 500	G

6.12 Lump-sum payments for recurring benefits (excl. substitute income)

If the employer pays the employee lump-sum settlements for recurring benefits (e.g. subsequent payment of family allowances for several months), these are subject to withholding tax at the time of payment, together with any salary payment made in the same month. The tax rate is calculated as the sum of the lump-sum settlement for recurring benefits and the salary payment in the corresponding month.

The lump-sum settlement is not converted to a month in the withholding tax procedure according to the monthly model for determining the rate. The employee has until 31 March of the 31 March of the tax year following the due date of the benefit to apply for a recalculation of the withholding tax or a subsequent ordinary assessment (see section 11 below).

Translation with Deepl.Pro

Example:

- Lump-sum payments for recurring benefits are taxed at source together with the gross salary paid in the month in which the lump-sum payment is made.

Benefits	***taxable***	***rate-determining***
Ordinary gross monthly salary May 2022 (without family allowance)	4 800	4 800
Back payment of family allowances December 2021 to May 2022	1 200	1 200
Total gross salary May 2022	***6 000***	***6 000***

Translated with DeepL Pro

7 Calculation of withholding tax according to the annual model

7.1 Preliminary remarks

If the withholding tax is calculated using software certified by Swissdec, the applicable Swissdec guidelines are decisive for the calculation of the withholding tax to be deducted. In special cases and/or situations, the calculation of withholding tax may deviate to a small extent from this circular.

The 13th month's salary is taken into account in the annual model when calculating the withholding tax using software certified by Swissdec in deviation from this circular. The 13th month's salary is only taken into account when it is paid for the calculation of the income determining the rate (realisation principle). The procedure is set out in the Swissdec guidelines expressly approved by the tax authorities.

7.2 Principles

When calculating withholding tax according to the annual model, the calendar year corresponds to the tax period. Although the latter is decisive, the debtor of the taxable benefit must nevertheless withhold and account for the withholding tax on a monthly basis (see sections 9.3.3 and 9.3.4 below).

The monthly gross income is decisive for the calculation of the withholding tax deduction. However, the total gross income subject to withholding tax in the year in question must be taken into account to determine the income that determines the rate. The amount of the withholding tax deduction is determined on the basis of the gross income of the month in question by multiplying this income by the tax rate of the applicable withholding tax rate. The same procedure is to be applied if the employee is employed on an hourly wage basis and his salary is paid to him monthly (see examples in the following paragraphs).

An exception is made for remuneration paid for past or future periods (e.g. bonuses, employee shareholdings) to which a DTA is applicable as a result of residence or performance of work abroad. If the applicable DTA provides for restrictions for the period in question (e.g. applicability of the cross-border commuter rule according to Art. 15a DTA-D), these circumstances must be taken into account for tax purposes.

As an alternative to the ongoing consideration of monthly changes in income, personal circumstances, etc., the employer is free to make the necessary corrections to the rate-determining annual income only at the end of the calendar year (December) or at the end of the employment relationship. In this case, the withholding taxes already deducted in the previous months of the current year must be deducted from the withholding taxes calculated at the end of the calendar year or at the end of the employment relationship for the entire period.

Translated with DeepL Pro

The following four steps must be carried out to calculate the monthly withholding tax deduction:

1. Step: Determination of the assessment basis for the withholding tax. This results from the addition of all taxable gross benefits to which the employee subject to withholding tax is entitled and which have been paid, transferred, credited or offset in the month in question.

2. Step: Determination of the rate-determining annual income. The calculation of this element is always necessary in the annual model and is explained in detail in section 7.3 below.

3. Step: Determination of the applicable rate code based on the personal circumstances of the taxable person at the time of payment, transfer, crediting or offsetting of the taxable benefit.

4. Step: Multiplication of the assessment basis (step 1) by the annual tax rate. The tax rate is determined using the rate code (step 3) and the rate-determining annual income (step 2).

7.3 Determining the rate-determining annual income

7.3.1 General information and principle for calculating withholding tax

To calculate the monthly withholding tax, the income actually earned must be subject to the tax rate that corresponds to the taxable annual income.

Constant salary for 12 months:

1. *An unmarried taxpayer without children is employed in Switzerland at a rate of 100% from 1 January to 31 December 2021. For this employment, he receives an annual gross income of CHF 60,000 (12 x CHF 5,000).*

   The monthly gross income of CHF 5,000.00 is taxed with tariff code A0 and at the rate-determined annual income of CHF 60,000.00.

Month	January	...	November	December	Taxation
Gross salary	5 000		5 000	5 000	**60 000**
Tariff code	A0		A0	A0	**A0**
Tax rate (%)	9,5[1]		9,5	9,5	**9,5**
Withholding tax	475		475	475	**5 700**

[1]= A0 with rate-determining annual income of CHF 60,000 (CHF 5,000 x 12).

At the end of the calendar year or at the end of the employment relationship, the withholding tax must be calculated again, taking into account the tax rate that corresponds to the taxpayer's total annual income. Salary changes, special benefits such as bonuses and premiums as well as any 13th month's salary must be taken into account.

In view of the considerable differences that can occur at the end of the calendar year or the employment relationship when calculating the withholding tax, the debtor of the taxable benefit can adjust the monthly withholding tax deductions to the tax burden for the entire year.

Any known 13th month's salary can be taken into account from January onwards when determining the rate-determining income.

Translated with DeepL Pro

Constant salary for 12 months and 13th monthly salary in December:

2. *An unmarried taxpayer without children is employed in Switzerland from 1 January to 31 December 2021 at a rate of 100%. For this employment, he receives an annual gross income of CHF 65,000 (12 x CHF 5,000 + 13th monthly salary).*

   The monthly gross income of CHF 5,000 is taxed with tariff code A0 and at the rate-determining annual income of CHF 65,000. This means that no adjustment is necessary in December.

Month	January	...	November	December	Taxation
Gross salary	5 000		5 000	10 000	**65 000**
Tariff code	A0		A0	A0	**A0**
Tax rate (%)	10,4[1]		10,4	10,4	**10,4**
Withholding tax	520		520	1 040	**6 760**

[1]= A0 with rate-determining annual income of CHF 65,000.00 (CHF 5,000 x 13).

Constant salary for 12 months and semi-annual payment of the 13th month's salary in June and December:

3. *An unmarried taxpayer without children is employed in Switzerland with an employment level of 100% from 1 January to 31 December 2021. For this employment, he receives an annual gross income of CHF 65,000.00 (12 x CHF 5,000 + half of the 13th monthly salary in June and half in December).*

   The monthly gross income of CHF 5,000.00 is taxed with tariff code A0 and at the rate-determined annual income of CHF 65,000.00. This means that no adjustment is necessary in December.

Month	Jan.	...	May	Jun.	Jul.	...	Nov.	Dec.	Taxation
Gross salary	5 000		5 000	7 500	5 000		5 000	7 500	**65 000**
Tariff code	A0		A0	A0	A0		A0	A0	**A0**
Tax rate (%)	10,4[1]		10,4	10,4	10,4		10,4	10,4	**10,4**
Withholding tax	520		520	780	520		520	780	**6 760**

[1]= A0 with rate-determining annual income of CHF 65,000.00 (CHF 5,000 x 13).

In the event of a change in salary during the year, the tax burden must be adjusted taking into account the taxpayer's total annual income.

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Change in salary during the course of the calendar year:

4. *An unmarried taxpayer without children is employed 100% in Switzerland from 1 January to 31 December 2021. For this activity, he receives an annual gross income of CHF 72,000.00 (January to April CHF 5,000, May to October CHF 6,000 and November to December CHF 8,000; 4 x CHF 5,000 + 6 x CHF 6,000+ 2 x CHF 8,000).*

Month	Jan.	...	Apr.	May	June	...	Oct.	Nov.	Dec.	Taxation
Gross salary	5 000		5 000	6 000	6 000		6 000	8 000	8 000	**72 000**
Tariff code	A0[1]		A0	A0[2]	A0		A0	A0	A0	**A0**
Tax rate (%)	9,5[1]		9,5	10,9[2]	10,9		10,9	11,5[4]	11,5	**11,5**
Withholding tax	475		475	654	654		654	920	920	**7 664**
Correction January - April				+280[3]				+120[5]		**+400**
Correction May - October								+216[6]		**+216**
Total withholding tax	475		475	934	654		654	1 256	920	**8 280**

[1]= A0 with rate-determining annual income of CHF 60 000.00 (CHF 5 000 x 12)

[2]= A0 with rate-determining annual income of CHF 68 000.00 [(CHF 5 000 x 4)+ (CHF 6 000 x 8)]

[3]= Correction of the withholding tax deduction for the months January to April [(CHF 5,000 x 4) x 10.9 % - (CHF 475 x 4)]

[4]= A0 with rate-determining annual income of CHF 72 000.00 [(CHF 5 000 x 4)+ (CHF 6 000 x 6) + CHF 8,000 x 2)]

[5]= Correction of the withholding tax deduction for the months January to April [(CHF 5,000 x 4) x 11.5 % - (CHF 475 x 4) - CHF 280]

[6]= Correction of the withholding tax deduction for the months of May to October [(CHF 6,000 x 6) x 11.5 % - (CHF 654 x 6)]

If the gross income subject to withholding tax changes during the current year or if a premium or bonus is paid during the year that is not known at the beginning of the year, this must be taken into account when determining the annual income that determines the rate from the month of payment.

Payment of a bonus:

5. *An unmarried taxpayer without children is employed in Switzerland from 1 January to 31 December at a rate of 100%. For this activity, he receives an annual gross income of CHF 73,000 (12 x CHF 5,000 + 13th monthly salary plus bonus of CHF 8,000, paid in April).*

Month	January	...	March	April	May	...	December	Taxation
Gross salary	5 000		5 000	5 000	5 000		10 000	**73 000**
Bonus (aperiodic)				8 000				
Tariff code	A0		A0	A0	A0		A0	**A0**
Tax rate (%)	10,4[1]		10,4	11,7[2]	11,7		11,7	**11,7**
Withholding tax	520		520	1 521	585		1 170	**8 346**
Correction January - March				+195[3]				**+195**
Total withholding tax	520		520	1 716	585		1 170	**8 541**

[1]= A0 with rate-determining annual income of CHF 65,000 (CHF 5,000 x 13).

[2]= A0 with rate-determining annual income of CHF 73,000 (CHF 5,000 x 13 + CHF 8,000).

[3]= Correction of the withholding tax deduction for the months January to March [(CHF 5 000 x 11.7 %) x 3 - (CHF 520 x 3)].

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In the case of several part-time jobs (see para. 7.3.2 below), jobs paid on an hourly or daily basis (see para. 7.3.3 below) or employment relationships during the year (see para. 7.3.4 below), the rate-determining annual income must be converted to 360 days. In this context, if the assessment basis contains both periodic and non-periodic benefits, only the periodic benefits may be converted for the determination of the rate-determining annual income.

The following non-periodic benefits do not form part of the gross annual salary to be converted (the following list is not exhaustive):

- Overtime compensation
- Compensation for unused holiday credits
- Length of service allowances
- Bonus payments
- bonuses
- Directors' fees
- Severance payments
- Gratuities
- Monetary benefits from employee shareholdings

7.3.2 Rate-determining income in the case of one or more part-time gainful activities If an employee is only employed by a single employer on a part-time basis and does not earn any other gainful or substitute income
and does not earn any other income or replacement income, the salary does not have to be converted for the rate determination. For the determination of the rate-determining income in the case of employment on an hourly or daily wage, the explanations under point 7.3.3 below must be observed.

If an employee subject to withholding tax has several employment relationships (including substitute income) at the same time or receives salary payments and/or substitute income from different debtors of the taxable benefit, the rate-determining income for each individual employment relationship or insurance relationship must be determined as follows:

1. Conversion to the effective total degree of employment of all gainful activities (incl. substitute income) of the employee, provided that the employee informs the employer of the total degree of employment;
2. Conversion to an employment level of 100 per cent if the employee does not disclose the effective total employment level;
3. Conversion to the actual total gross income if the income is known or disclosed to the debtor of the taxable benefit (e.g. in a group or several employment contracts with the same debtor of the taxable benefit).

This also applies if one or more of the gainful activities is or are performed outside Switzerland or if substitute income is or is paid abroad.

The part-time employee must inform their employer(s) whether they are engaged in one or more other (employed or self-employed) gainful activities (see Art. 136 DBG).

If the employee discloses neither the workload nor the salary of the other activity, each employment relationship must be converted to a 100 % workload for the rate-determining income.

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must be calculated. The provisions of the employment contracts must be taken into account. The same procedure also applies to persons who perform one of the activities on an hourly or daily wage, but receive a regular monthly salary. In these cases, the usual working hours are used to determine the workload.

If the workload of a gainful employment cannot be determined (e.g. for a part-time caretaker position with salary compensation), the debtor of the taxable benefit can offset the amount used as a basis for calculating tariff code C in the relevant tax year to determine the income that determines the rate. This amount is published annually by the competent tax authorities together with the other calculation bases (see Art. 85 para. 2 DBG).

If a salary payment subject to withholding tax consists of both periodic and non-periodic salary components (see section 7.3.1 above), only the periodic salary components are to be converted for the rate determination.

If further gainful employment is taken up, the conversion must be carried out from the following month. Correspondingly, no further conversion is to be carried out when further gainful employment ends.

The conversion does not have to be carried out if earned income is taxed according to tariff code E.

The employee can apply to the competent tax authority for a recalculation of the withholding tax or a subsequent ordinary assessment by 31 March of the tax year following the due date of the benefit (see section 11 below).

Part-time work (50 % - 50 %; same salary):

1. *A single taxpayer carries out two salaried gainful activities in Switzerland (total pay: 100%):*
    - *50 % with employer 1 for a gross annual salary of CHF 39,000.00 (CHF 3,000 x 13)*
    - *50 % with employer 2 for a gross annual salary of CHF 39,000.00 (CHF 3,000 x 13)*

Employer 1

Month	January	...	November	December	Taxation
Gross salary	3 000		3 000	6 000	**39 000**
Tariff code	A0		A0	A0	**A0**
Tax rate (%)	12,4[1]		12,4	12,4	**12,4**
Withholding tax	372		372	744	**4 836**

[1]= A0 with rate-determining annual income of CHF 78,000 (CHF 3,000 x 13 / 50 %).

Employer 2

Month	January	...	November	December	Taxation
Gross salary	3 000		3 000	6 000	**39 000**
Tariff code	A0		A0	A0	**A0**
Tax rate (%)	12,4[1]		12,4	12,4	**12.4**
Withholding tax	372		372	744*	**4 836**

[1]= A0 with rate-determining annual income of CHF 78 000.00 (CHF 3 000 x 13 / 50 %).

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Part-time activities (50 % - 50 %; different salary):

2. *A single taxpayer performs two salaried gainful activities in Switzerland (total pay 100 %):*
    - *50 % with employer 1 for a gross annual salary of CHF 39,000.00 (CHF 3,000 x 13)*
    - *50 % with employer 2 for a gross annual salary of CHF 52,000.00 (CHF 4,000 x 13)*

Employer 1

Month	January	...	November	December	Taxation
Gross salary	3 000		3 000	6 000	**39 000**
Tariff code	A0		A0	A0	**A0**
Tax rate (%)	12,4[1]		12,4	12,4	**12,4**
Withholding tax	372		372	744	**4 836**

[1]= A0 with rate-determining annual income of CHF 78 000.00 (CHF 3000 x 13 / 50 %).

Employer 2

Month	January	...	November	December	Taxation
Gross salary	4 000		4 000	8 000	**52 000**
Tariff code	A0		A0	A0	**A0**
Tax rate (%)	15,4[1]		15,4	15,4	**15,4**
Withholding tax	616		616	1 232	**8 008**

[1]= A0 with rate-determining annual income of CHF 104 000.00 (CHF 4 000 x 13 / 50 %).

Part-time activities (70 % - 20 %):

3. *A single taxpayer carries out two salaried gainful activities in Switzerland (total percentage: 90 %). He does not inform the two employers of the total level of employment:*
    - *70 % with employer 1 for a gross annual salary of CHF 24,000.00 (CHF 2,000 x 12)*
    - *20 % for employer 2 for a gross annual salary of CHF 6,000.00 (CHF 500 x 12)*

Employer 1

Month	January	...	November	December	Taxation
Gross salary	2 000		2 000	2 000	**24 000**
Tariff code	A0		A0	A0	**A0**
Tax rate (%)	3,9[1]		3,9	3,9	**3,9**
Withholding tax	78		78	78	**936**

[1]= A0 with rate-determining annual income of CHF 34,285.70 (CHF 24,000 / 70 %).

Employer 2

Month	January	...	November	December	Taxation
Gross salary	500		500	500	**6 000**
Tariff code	A0		A0	A0	**A0**
Tax rate (%)	3,2[1]		3,2	3,2	**3,2**
Withholding tax	16		16	16	**192**

[1]= A0 with rate-determining annual income of CHF 30 000.00 (CHF 6 000 / 20 %).

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7.3.3 Gainful employment on an hourly or daily wage basis

If an employee subject to withholding tax is employed on an hourly or daily wage and the salary is not paid in the form of a monthly payment (e.g. weekly salary payment, irregular payments according to submitted timesheets), a rate-determining annual income must always be calculated by converting this to 2,160 hours (12 x 180 hours) for hourly-paid employment or 260 days (12 x 21.667 days) for daily-paid employment. Only the agreed, current hourly or daily salary (including holiday and public holiday pay and other compensation paid on an hourly or daily basis) is to be converted. In addition, only lump-sum payments for generally recurring benefits - without conversion - are to be included in the salary income determining the rate.

These flat-rate calculations of the rate-determining income cover cases with several gainful activities as well as those with entries and exits during the year.

Withholding tax must be deducted at the time the salary is paid. Holiday and public holiday bonuses are taxable at the time of settlement and payment of the hourly or daily wage. However, the withholding tax received by the debtor of the taxable benefit is paid monthly (see sections 9.3.3 and 9.3.4 below).

If the employee does not agree with the withholding tax deducted, he/she may apply to the competent tax authority for a recalculation of the withholding tax or a subsequent ordinary assessment by 31 March of the tax year following the due date of the benefit (cf. para. 11 below).

Hourly wage:

- *An unmarried employee works from 1 January to 31 December 2021.*
  His compensation is CHF 35 per hour. The salary is paid weekly.

Employer 1

Month	Jan.	Feb.	March	Apr.	May	Jun.
Hours worked	130	120	125	135	115	100
Gross salary	4 550	4 200	4 375	4 725	4 025	3 500
Tariff code	A0	A0	A0	A0	A0	A0
Tax rate (%)	12,0[1]	12,0	12,0	12,0	12,0	12,0
Withholding tax	546	504	525	567	483	420

month	July	Aug.	Sep.	Oct.	Nov.	Dec.	Taxation
Hours worked	140	115	130	90	120	130	
Gross salary	4 900	4 025	4 550	3 150	4 200	4 550	50 750
Tariff code	A0	A0	A0	A0	A0	A0	A0
Tax rate (%)	12,0	12,0	12,0	12,0	12,0	12,0	12,0
Withholding tax	588	483	546	378	504	546	**6 090**

[1]= A0 with rate-determining annual income of CHF 75,600.00 (CHF 35 x 2,160)

7.3.4 Calculation of withholding tax for entries and exits during the year

If the gainful employment is exercised for less than one calendar year, the salary for determining the rate must be converted to one year. The calculation is made on the basis of 360 days per year (30 days per month, including the months with

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31 days and the month of February). If the employment relationship begins or ends during the year, the gross salary must therefore be converted to 360 days to determine the tax rate. Only the periodic salary components are converted to one year (see section 7.3.1 above). The non-periodic salary components are only added after the conversion of the periodic salary components. This rule also applies to hourly or daily paid employment, provided that the salary payments are made on the basis of a monthly salary (see section 7.3.3 above).

Start / end of gainful employment during a month with bonus payment:

- An unmarried employee works for the same employer from 16 January to 10 February and then from 16 February to 10 February.

10 February and then from 21 February to 18 March. For the month of January, he receives a gross salary of CHF 5,000.00. For February, the gross salary is CHF 6,000.00. Finally, his employer pays him a gross salary of CHF 3,000.00 and a bonus of CHF 2,000.00 for the month of March.

Month	Jan.	Feb.	March	Apr.	...	Dec.	Taxation
Number of working days	15	20	18				
Gross salary	5 000	6 000	3 000				
bonus			2 000				
Tariff code	A0	A0	A0				
Tax rate (%)	16,9[1]	16,3[2]	14,6[4]				
Withholding tax	845	978	730				**2 553**
Correction January		-30[3]					**-30**
Correction January and February			-187[5]				**-187**
Total withholding tax Withholding tax	845	948	543				**2 336**

[1]= A0 with rate-determining annual income of CHF 120 000.00 [(CHF 5 000 / 15) x 360].

[2]= A0 with rate-determining annual income of CHF 113 142.85 [(CHF 6 000 + CHF 5 000) / 35 x 360].

[3]= Correction of the withholding tax deduction for the months of January and February [(CHF 5,000 x 16.30 %) - CHF 845].

[4]= A0 with rate-determining annual income of CHF 97 094.35 {[(CHF 3 000 + CHF 6 000 + CHF 5 000) / 53 x 360] + CHF 2 000}.

[5]= Correction of the withholding tax deduction for the months of January and February [(CHF 5 000 x 14.60 %) - CHF 845] + [(CHF 6 000 x 14.60 %) - (CHF 978 - CHF 30)].

7.4 Change in personal circumstances during the calendar year

Any change that leads to an adjustment of the applicable rate code (e.g. marriage, divorce, separation, birth of children, taking up or leaving gainful employment, joining or leaving a national church) must only be taken into account for withholding tax purposes in the month following the change.

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Change in marital status during the calendar year (marriage):

1. *A single taxpayer marries on 26 May 2021. He is employed and works 100% for an annual salary of CHF 65,000.00 (CHF 5,000 x 13).*

   His spouse is not gainfully employed.

Month	January	...	May	June	...	November	December	Taxation
Gross salary	5 000		5 000	5 000		5 000	10 000	**65 000**
Tariff code	A0		A0	B0		B0	B0	
Tax rate (%)	10,4[1]		10,4	5,0[2]		5,0	5,0	
Withholding tax	520		520	250		250	500	**4 600**

[1]= A0 with a rate-determining annual income of CHF 65,000.00 (CHF 5,000 x 13).

[2]= B0 with rate-determining annual income of CHF 65 000.00 (CHF 5 000 x 13).

Change in marital status during the calendar year (divorce):

2. *A married taxpayer is divorced on 25 August 2021. He is gainfully employed with a 100% workload and receives an annual salary of CHF 65,000.00 (CHF 5,000 x 13).*

   His spouse is not in gainful employment.

Month	January	...	August	September	...	November	December	Taxation
Gross salary	5 000		5 000	5 000		5 000	10 000	**65 000**
Tariff code	B0		B0	A0		A0	A0	
Tax rate (%)	5,0[1]		5,0	10,4[2]		10,4	10,4	
Withholding tax	250		250	520		520	1 040	**4 600**

[1]= B0 with rate-determining annual income of CHF 65,000.00 (CHF 5,000 x 13).

[2]= A0 with rate-determining annual income of CHF 65 000.00 (CHF 5 000 x 13).

Change of employer and subsequent change of marital status during the calendar year:

3. *An unmarried taxpayer marries on 26 May 2021 and from 1 January to 30 April 2021 he works 100% for employer 1. From 1 May to 31 December, he works 100% for employer 2. He receives a total gross annual salary of CHF 65,000.00*
   (CHF 5,000 x 13)

   His spouse is not in gainful employment.

Employer 1

Month	Jan.	Feb.	March	Apr.	May	...	Dec.	Taxation
Gross salary	5 000	5 000	5 000	6 666.65[2]				**21 667.00**
Tariff code	A0	A0	A0	A0				
Tax rate (%)	10,4[1]	10,4	10,4	10,4				
Withholding tax	520	520	520	693.35				**2 253.35**

[1]= A0 with rate-determining annual income of CHF 65,000 [(CHF 15,000 + CHF 6,666.65) / 120 x 360].

[2]= CHF 5 000.00 + (CHF 5000 x 4) / 12

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Employer 2

Month	Jan.	...	Apr.	May	Jun.	...	Nov.	Dec.	Taxation
Gross salary				5 000	5 000		5 000	8 333.35[1]	**43 333.00**
Tariff code				A0	B0		B0	B0	
Tax rate (%)				10,4[1]	5,0[2]		5,0	5,0	
Withholding tax				520	250		250	416.65	**2 436.65**

[1]= A0 with rate-determining annual income of CHF 65,000.00 ([CHF 35,000+ CHF 8,333.35] / 240 x 360).

[2]= B0 with rate-determining annual income of CHF 65 000.00 ([CHF 35 000 + CHF 8 333.35] / 240 x 360).

[3]= CHF 5 000.00 + ([CHF 5 000.00 x 8] / 12)

Change in marital status and subsequent birth of a child during the calendar year:

4. *A single taxpayer marries on 26 May 2021 and the couple's child is born on 21 October of the same year. The unmarried taxpayer is in gainful employment with a 100% workload. The gross annual salary is CHF 65,000.00 (CHF 5,000 x 13). In addition to the salary, he will receive a bonus of CHF 30,000.00 in February 2021 for 2020.*

   His spouse is not in gainful employment.

Month	Jan.	Feb.	March	...	May	June	...	Oct.	Nov.	Dec.	Taxation
Gross salary	5 000	5 000	5 000		5 000	5 000		5 000	5 000	10 000	**65 000**
bonus		30 000									**30 000**
Tariff code	A0	A0	A0		A0	B0		B0	B1	B1	
Tax rate (%)	10,4[1]	14,4[2]	14,4		14,4	9,3[4]		9,3	6,4[5]	6,4	
Withholding tax	520	5 040	720		720	465		465	320	640	**11 005**
January correction		+200[3]									**+200**
Total withholding tax	520	5 240	720		720	465		465	320	640	**11 205**

[1]= A0 with rate-determining annual income of CHF 65 000.00 (CHF 5 000 x 13).

[2]= A0 with rate-determining annual income of CHF 95 000.00 (CHF 65 000 + CHF 30 000).

[3]= Correction of the withholding tax deduction for the month of January ([CHF 5 000 x 14.40 %] - CHF 520).

[4]= B0 with rate-determining annual income of CHF 95 000.00 (CHF 65 000 + CHF 30 000).

[5]= B1 with rate-determining annual income of CHF 95 000.00 (CHF 65 000 + CHF 30 000).

Translated with DeepL Pro

The other spouse takes up gainful employment during the calendar year:

5. *A taxpayer is married for the whole of 2021. He is gainfully employed with a workload of 100 %. The gross annual salary amounts to CHF 52,000.00 (CHF 4,000 x 13).*

   His spouse takes up gainful employment on 15 September 2021.

Month	January	...	September	October	November	December	Taxation
Gross wage	4 000		4 000	4 000	4 000	8 000	**52 000**
Tariff code	B0		B0	C0	C0	C0	
Tax rate (%)	3,0[1]		3,0	7,2[2]	7,2	7,2	
Withholding tax	120		120	288	288	576	**2 232**

[1]= B0 with rate-determining annual income of CHF 52,000.00 (CHF 4,000 x 13).

[2]= C0 with rate-determining annual income of CHF 52 000.00 (CHF 4 000 x 13).

For the spouse who takes up gainful employment on 15 September 2021, the rate for two-earner couples (rate code C) is applied with immediate effect, i.e. from September 2021.

Birth of a child with subsequent cessation of gainful employment by the other spouse during the calendar year:

6. *A taxpayer is married throughout 2021. The couple's child is born on 15 August 2021. The taxpayer is gainfully employed with a workload of 100%. The gross annual salary is CHF 78,000.00 (CHF 6,000 x 13). The child allowances will be paid from August 2021.*

   His spouse gives up her gainful employment on 15 October 2021.

Month	Jan.	...	July	Aug.	Sep.	Oct.	Nov.	Dec.	Taxation
Gross salary	6 000		6 000	6 000	6 000	6 000	6 000	12 000	**78 000.00**
Family allowances				200	200	200	200	200	**1 000.00**
Tariff code	C0		C0	C0	C1	C1	B1	B1	
Tax rate (%)	12,0[1]		12,0	12,1[2]	9,8[4]	9,8	4,1[5]	4,1	
Withholding tax	720		720	750.20	607.60	607.60	254.20	500.20	**7 759.80**
Correction January - July				+42.00[3]					**+42.00**
Total withholding tax Withholding tax	720		720	792.20	607.60	607.60	254.20	500.20	**7 801.80**

[1]= C0 with rate-determining annual income of CHF 78 000.00 (CHF 6 000 x 13).

[2]= C0 with rate-determining annual income of CHF 79 000.00 ([CHF 6 000 x 13]+ [CHF 200 x 5]).

[3]= Correction of the withholding tax deduction for the months January to July ([CHF 6,000 x 12.10 %] x 7) - (CHF 720 x 7).

[4]= C1 with rate-determining annual income of CHF 79 000.00.

[5]= B1 with rate-determining annual income of CHF 79,000.00.

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Change in salary with subsequent commencement of gainful employment by the other spouse during the calendar year:

7. *A married taxpayer is married for the whole of 2021. He is in paid employment with a workload of 100 %. The gross annual salary is CHF 114 000.00 [(6 x CHF 8000)+ (6 x CHF 11 000)].*

   His spouse takes up gainful employment on 15 September 2021.

Month	Jan.	...	Jun.	Jul.	...	Sep.	Oct.	Nov.	Dec.	Taxation
Gross salary	8 000		8 000	11 000		11 000	11 000	11 000	11 000	**114 000**
Tariff code	B0		B0	B0		B0	C0	C0	C0	
Tax rate (%)	9.4[1]		9.4	11.7[2]		11.7	15.3[4]	15.3	15.3	
Withholding tax	752		752	1 287		1 287	1 683	1 683	1 683	**13 422**
Correction January - June				+1 104[3]						**+1 104**
Total withholding tax	752		752	2 391		1 287	1 683	1 683	1 683	**14 526**

[1]= B0 with rate-determining annual income of CHF 96 000.00 (CHF 8 000 x 12).

[2]= B0 with rate-determining annual income of CHF 114 000.00 ([CHF 8 000 x 6]+ [CHF 11 000 x 6]).

[3]= Correction of the withholding tax deduction for the months January to June ([CHF 8,000 x 11.70 %] x 6) - (CHF 752 x 6).

[4]= C0 with rate-determining annual income of CHF 114 000.00.

If the rate-determining annual salary changes during the year (e.g. as a result of a salary increase or the payment of a bonus), the withholding taxes paid in the previous months that were too high or too low must be corrected during the current month in accordance with the rate code applicable at that time.

Change in marital status with subsequent adjustment of salary during the calendar year:

8. *An unmarried taxpayer marries in April 2021 and is gainfully employed at a rate of 100%. His gross annual salary is CHF 72,000.00 (CHF 6,000 x 12).*

   From September 2021, his gross annual salary will be increased to CHF 80,000.

Month	Jan.		Apr.	May	June		Aug.	Sep.	Oct.		Dec.	Taxation
Gross salary	6 000		6 000	6 000	6 000		6 000	8 000	8 000		8 000	**80 000**
Tariff code	A0		A0	C0	C0		C0	C0	C0		C0	
Tax rate (%)	11,5[1]		11,5	11,3[2]	11,3		11,3	12,3[3]	12,3		12,3	**(12,7)[3]**
Withholding tax	690		690	678	678		678	984	984		984	**9 408**
Correction January - April								+288[4]				**+288**
Correction May - August								+240[5]				**+240**
Total withholding tax	690		690	966	678		678	1 224	984		984	**9 936**

[1]= A0 with a rate-determining annual income of CHF 72,000.00 (CHF 6,000 x 12).

[2]= C0 with rate-determining annual income of CHF 72,000.00 (CHF 6,000 x 12).

[3]= C0 with rate-determining annual income of CHF 80 000.00 (CHF 6 000 x 8+ fr. 8 000 x 4).

[4]= Correction of the withholding tax deduction for the months January - April [(CHF 6,000 x 12.7 %) x 4] - (CHF 690 x 4).

[5]= Correction of the withholding tax deduction for the months of May - August [CHF 6,000 x 12.3 %) x 4] - (CHF 678 x 4).

Translated with DeepL

Change in marital status with subsequent adjustment of salary during the calendar year:

9. *A taxpayer is married for the whole of 2021. He is gainfully employed with a workload of 100 %. The gross annual salary amounts to CHF 78 000.00 (CHF 6,000 x 13).*

   The spouse is also gainfully employed.

   The couple's child will come of age in September 2021. The family allowances will therefore be paid until September 2021.

Month	January	...	September	October	November	December	Taxation
Gross salary	6 000		6 000	6 000	6 000	12 000	**78 000.00**
Family allowances	200		200				**1 800.00**
Tariff code	C1		C1	C0	C0	C0	
Tax rate (%)	10,0[1]		10,0	12,2[2]	12,2	12,2	
Withholding tax	620		620	732.00	732	1 464	**8 508.00**
Correction January - September				-55.80[3]			**-55.80**
Total withholding tax	620		620	676.20	732	1 464	**8 452.20**

[1]= C1 with rate-determining annual income of CHF 80 400.00 [(CHF 6 000 x 13)+ (CHF 200 x 12)].

[2]= C0 with rate-determining annual income of CHF 79 800.00 [(CHF 6 000 x 13)+ (CHF 200 x 9)].

[3]= Correction of the withholding tax deduction for the months January to September [(CHF 6 200 x 9.90 %) x 9] - (CHF 620 x 9)

7.5 Special cases

7.5.1 Separation of working days performed abroad

Persons subject to withholding tax who are resident in Switzerland and who work abroad for a Swiss employer are in principle also liable to pay tax in Switzerland on the salary income from these foreign working days under Swiss law. However, if the requirements of the fitter clause (see Art. 15 OECD-MA) are not met according to the applicable DTA, the tax authority falls to the country of employment.

In the case of persons subject to withholding tax who are not resident in Switzerland and who work on a non-permanent basis for an employer with a registered office or permanent establishment or actual administration in Switzerland, the debtor of the taxable benefit may exclude the working days performed abroad in accordance with domestic law as follows:

Only those working days on which the activity was actually performed outside Switzerland are to be excluded. Paid days of absence on which no work is to be performed (in particular holidays and sick days) are not subject to withholding tax. The Swiss working days relevant for withholding tax are generally determined by subtracting the foreign working days from the total of 20 working days per month or from the total of 240 working days per year. A foreign working day is deemed to be every working day outside Switzerland as well as all outward and return journey days on which the employee worked exclusively or mainly abroad.

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Examples:

1. *Employee Z. is an international weekly resident in Switzerland. His employer is based in Zurich. Z. carries out his work at his fixed workplace in Zurich. During the month of September, he exceptionally worked in Austria on five days. In addition, he took 10 days' holiday, which he spent in Italy. Z. received a gross salary of CHF 8,000 in September.*
   The Swiss working days relevant for the separation are calculated by subtracting five foreign working days from the total of 20 working days per month. Based on this, the taxable income is calculated as follows and the rate-determining income is determined as follows:

Total working days:	*20 days*
Working days Switzerland:	*20 days - 5 days = 15 days*
Relevant elimination ratio:	*15 Swiss working days to the total of 20 working*
days Taxable income:	*CHF 8 000.00 / 20 x 15 = CHF 6 000.00*
Rate-determining income:	*CHF 96 000.00 (CHF 8 000 x 12)*

2. *Employee B. is an international weekly resident and receives a gross salary of CHF 10,000.00 in April 2021 as well as a bonus for the previous year of CHF 30,000.00. In April, he worked in the UK on 4 days. In the previous year, employee B. worked in Switzerland on a total of 200 out of 240 working days.*

   Calculation of gross taxable salary (April 2021):

Total number of working days:	*20 days*
Working days in Switzerland:	*20 days - 4 days = 16 days*
Relevant elimination ratio:	*16 Swiss working days to the total of 20 working*
days Taxable income:	*CHF 10 000.00 / 20 x 16 = CHF 8 000.00*

   Calculation of taxable bonus previous year:

Total working days previous year:	*240 days*
Working days Switzerland previous year:	*240 days - 40 days= 200 days*
Relevant separation ratio:	*200 CH working days to the total of 240 working*
days Taxable income:	*CHF 30 000.00 / 240 x 200 = CHF 25 000.00*
Total taxable April 2021:	*CHF 33 000.00 (CHF 8 000+ CHF 25 000)*
Rate-determining income April 2021:	*CHF 150,000.00 (CHF 10,000 x 12+ CHF 30,000)*

As an alternative to the monthly separation of income from foreign working days, the employer is free to make the necessary corrections only at the end of the calendar year or at the end of the employment relationship. In this case, the withholding tax already deducted in the previous months of the current year must be deducted from the withholding tax calculated at the end of the calendar year or at the end of the employment relationship for the entire period.

The relevant working days must be recorded in a calendar, which must be enclosed with the withholding tax statement. If the employer calculates the withholding tax electronically (e.g. via ELM-QSt), the calendar must be sent to the competent tax authority by post as long as no electronic transmission option is available.

If no account is taken of foreign working days when calculating the withholding tax deduction by the employer or if the employee does not agree with the number of days worked abroad being deducted, the employee can apply to the competent tax authority for a recalculation of the withholding tax or a subsequent ordinary assessment by 31 March of the calendar year following the due date of the benefit (see para. 11 below). The calendar must be signed by both the employee and the employer and submitted together with the application.

The rules of international tax law or the corresponding international treaty agreements (e.g. DTAs, mutual agreements) are decisive for the separation in the context of a retrospective correction.

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7.5.2 Calculation of withholding tax for benefits before commencement of the employment relationship

Compensation paid to the employee by the employer before the start of the employment relationship (e.g. sign-on bonus) is subject to the provisions of Article 17 DBG under Swiss law.

For persons resident in Switzerland who are subject to withholding tax, the withholding tax on the entire benefit must therefore be calculated according to the circumstances at the time the benefit is paid.

If a person resident abroad receives such a benefit, withholding tax must be levied on it. The benefit is linked to an employment relationship that is taxable in Switzerland, which is why the principles of Article 15 OECD-MA must be observed. In this case too, the circumstances at the time the benefit is paid are decisive for the deduction of withholding tax.

The person subject to withholding tax who is not subject to a mandatory retrospective assessment (Art. 89 DBG) may apply for a recalculation of the withholding tax or a retrospective ordinary assessment by 31 March of the tax year following the payment (see section 11 below).

7.5.3 Calculation of withholding tax for benefits on or after termination of employment

If the employment relationship is terminated, benefits that have already become due on this date but are not paid out to the employee until later (overtime credits, unused holiday credits, etc.) are subject to withholding tax together with the gross income of the last month of employment, i.e. the withholding tax deduction must be calculated on the total amount of the benefits paid. The applicable rate code is the same as that applicable at the time of the last salary payment. Any withholding tax already deducted for the month in question must be offset against the total withholding tax owed for that month. The withholding tax on these benefits is owed in the same canton as the withholding tax deducted from the last salary payment.

In the case of benefits to which the legal claim only arose after the end of the employment relationship (e.g. bonus payments or severance payments subsequently decided by the management or subsequently enforced salary claims), the withholding tax deduction must be calculated separately. The circumstances at the time of payment of this benefit are decisive for determining the applicable rate code. The calculation of the rate-determining income is based on the sum of the last gross monthly salary paid by the debtor of the taxable benefit and converted to one year, which is subject to Swiss withholding tax, plus the benefit paid subsequently. This is subject to withholding tax on remuneration paid for periods for which DTAs impose restrictions (see section 7.5.1 above). If the benefit is paid in the year in which the employment relationship ends, the rate-determining income corresponds to the income paid until the end of the employment relationship:

- the gross income earned up to the end of the employment relationship, which must be converted to an annual salary if the activity was performed for less than one year;
- less any non-periodic benefits;
- increased by the relevant benefit on or after termination of the employment relationship.

If, on the other hand, the benefit is not paid until the following year, the last annual income on which the withholding tax was based must be used to determine the rate.

Continued salary payments to an employee resident abroad who is released from work after being made redundant are subject to withholding tax as they are based on an employment contract that is still valid and an activity carried out in Switzerland (see Art. 91 DBG). The

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withholding tax must be levied on a reduced gross salary (subject to progression) if the work would presumably have been performed abroad without the exemption. If the work would presumably have been performed as a cross-border commuter within the meaning of Article 15a of the DTA with Germany, the corresponding rates apply.

The (former) employee may request a recalculation of the withholding tax or a subsequent ordinary assessment by 31 March of the tax year following the due date of the payment (see section 11 below).

Termination of employment and payment of a bonus:

1. *a single taxpayer ends his employment on 31 August 2022 and receives a gross salary of CHF 5,000.00 per month (plus a 13th month's salary). In August 2022, the employer pays him a bonus of CHF 20,000.00 for the work performed in 2021.*

Month	January	...	July	August	September	...	December	Taxation
Gross salary	5 000		5 000	8 333.35				**43 333.35**
Bonus				20 000.00				**20 000.00**
Tariff code	A0		A0	A0				
Tax rate (%)	10,4[1]		10,4	13,3[2]				
Withholding tax	520		520	3 768.30				**7 408.30**
Correction January - July				+1 015.00[3]				**+1 015.00**
Total withholding tax	520		520	4 783.30				**8 423.30**

[1]= A0 with rate-determining annual income of CHF 65 000.00 (CHF 5 000 x 13).

[2]= A0 with rate-determining annual income of CHF 85 000 {[(CHF 35 000+ CHF 8 333.35) / 240 x 360] + CHF 20 000}.

[3]= Correction of the withholding tax deduction for the months January to July [(CHF 5,000 x 13.30 %) x 7] - (CHF 520 x 7).

Payment of a bonus after termination of employment:

2. *An unmarried taxpayer is in gainful employment from 1 January to 31 December 2022 (termination of employment). During 2022, he earned a gross annual salary of CHF 80,000.00 and received a bonus of CHF 20,000.00 for work performed in 2021. In February 2023, i.e. after termination of the employment relationship, he will receive a bonus of CHF 30,000.00 for work performed in 2022. The bonus of CHF 20,000.00 for 2021 (paid out in 2022) does not have to be taken into account when determining the bonus rate in 2023 (out-of-period benefit).*

Month	January	February	March	...	December	Taxation
Gross salary		0				
Bonus		30 000				
Tariff code		A0				
Tax rate (%)		16,0[1]				
Withholding tax		4 800				**4 800**

[1]= A0 with rate-determining annual income of CHF 110 000.00 (CHF 80 000+ CHF 30 000).

Variant of the example:

- *Same situation as in example 2, but in 2022 the taxpayer worked 120 days in Switzerland and 120 days abroad.*
- *Only the CHF 15,000.00 portion of the bonus is taxable in Switzerland (CHF 30,000 / 240 x 120) at a tax rate of CHF 110,000.00.*

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7.5.4 Substitute income paid to the employer

No withholding tax is payable by the insurance company on substitute income (daily allowances) paid by the insurance company to the employer. The employer deducts the withholding tax from the gross compensation owed to the employee and applies the relevant tariff code or tax rate.

Example:

- In March 2021, the employer owes the employee T. a gross monthly salary of CHF 4,500.00 and a daily accident benefit (replacement income) of CHF 1,000.00, which the insurance company transfers to the employer.

Month	January	February	March	April	...	December	Taxation
Gross salary	5 500	5 500	4 500	5 500		5 500	**65 000**
Daily accident benefit			1 000				**1 000**
Tariff code	A0	A0	A0	A0		A0	**A0**
Tax rate (%)	10,5[1]	10,5	10,5	10,5		10,5	**10,5**
Withholding tax	577.50	577.50	577.50	577.50		577.50	**6 930**

[1]= A0 with rate-determining annual income of CHF 66,000.00 (CHF 5,500 x 12)

7.5.5 Replacement income that is not paid out via the employer

Replacement income (daily allowances, pensions, etc.) that is paid directly to the beneficiary (employee) by an insurance company, compensation fund, unemployment fund (service provider), for example, must be taxed at source by the service provider using tariff code G or, for cross-border commuters from Germany, tariff code Q (see Art. 1 para. 1 let. g QStV).

If other earned income is earned in addition to the replacement income, the replacement income and the earned income must be converted for the tax rate (see section 7.3.2 above). In the case of income that is paid in accordance with the insured income, this is deemed to be the rate-determining income.

For the withholding tax on substitute income, in particular its definition in an international context, please refer to the applicable "FTA information sheet on the withholding tax on substitute income".

Example:

- Employee T receives a gross daily sickness allowance of CHF 1,800.00 from the insurance company for 12 calendar days (paid out directly). He is employed by his employer, F. AG, on a 60% workload and receives a gross annual salary of CHF 39,000.00 (CHF 3,000 x 13).

Month	January	February	...	November	December	Taxation
Gross salary	3 000	3 000		3 000	6 000	**39 000**
Daily sickness allowance	1 800[1]	1 800		1 800	1 800	**21 600**
Employer tariff code Insurance tariff code	A0 G	A0 G		A0 G	A0 G	
Employer tax rate (%) Insurance tax rate (%)	10,4[2] 5,7[3]	10,4 5,7		10,4 5,7	10,4 5,7	

[1]= Degree of employment 40 % (12 x 100 / 30).

[2]= A0 with a rate-determining annual salary of CHF 65,000.00 (CHF 39,000 / 60 %).

[3]= G with a rate-determining annual salary of CHF 54,000.00 (CHF 21,600 / 40 %).

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7.5.6 Lump-sum payments for recurring benefits (excl. substitute income)

If the employer pays the employee lump-sum payments for recurring benefits (e.g. subsequent payment of family allowances for several months), these are subject to withholding tax at the time of payment, together with any salary payment made in the same month. The tax rate is calculated from the sum of the lump-sum payment for recurring benefits, the annual gross salary and the other periodic annual gross benefits for the current year.

Example:

- *A single taxpayer lives with his minor child in the same household and is mainly responsible for the child's maintenance. In March 2023, the family equalisation fund decides that family allowances must be paid for the child retroactively to 1 March 2021. The subsequent payment is made in March 2023. The taxpayer receives a gross annual salary of CHF 52,000.00 (CHF 4,000 x 13) for a 100% workload.*

Month	Jan.	Feb.	March	Apr.	...	Nov.	Dec.	Taxation
Gross salary	4 000	4 000	4 000	4 000		4 000	8 000	**52 000.00**
FamZul for the current year			600	200		200	200	**2 400.00**
FamZul for the previous year			4 400					**4 400.00**
Tariff code	H1	H1	H1	H1		H1	H1	**H1**
Tax rate (%)	1,4[1]	1,4	1,9[2]	1,9		1,9	1,9	**1.90**
Withholding tax	56	56	171[3]	79.80		79.80	155.80	**1 077.20**
Correction January and February			+40[4]					**+40.00**
Total withholding tax	56	56	211	79.80		79.80	155.80	**1 117.20**

[1]= H1 with rate-determining annual income of CHF 52 000.00 (CHF 4 000 x 13).

[2]= H1 with rate-determining annual income of CHF 58 800.00 ([CHF 4 000 x 13] + [CHF 200 x 12] + CHF 4 400).

[3]= (CHF 4 000+ CHF 600+ CHF 4 400) x 1.90 %.

[4]= Correction of the withholding tax deduction for the months of January and February [(CHF 4 000 x 1.90 %) x 2] - (2 x CHF 56).

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8 Change of canton

8.1 General information

The debtor of the taxable benefit must settle the withholding tax with the canton entitled to the benefit at the time it falls due.

This principle also applies in cases where a different canton was entitled to withholding tax during the earnings period (e.g. in the case of bonuses or income from employee shareholdings).

8.2 Change from a canton with an annual model to a canton with a monthly model

From the month following the change of canton, the debtor of the taxable benefit settles the withholding tax exclusively with the canton entitled to claim (with monthly model) according to its tariff.

One-off payments made after the change of canton (e.g. bonuses, 13th monthly salary, income from employee shareholdings) or changes in income have no influence on the determination of the rate-determining annual income for the period in which the canton with the annual model was entitled to claim. Settlements are to be made in the same way as for an entry or exit during the year.

Example:

- A single taxpayer works for the same employer from 1 January to 31 December 2021 with a 100% workload. He earns a gross annual salary incl. 13th month's salary of CHF 65,000.00 (CHF 5,000.00 x 12+ CHF 5,000.00) and receives a bonus of CHF 30,000.00 in February 2021. On 15 August 2021, he moves his place of residence from the canton of Ticino to the canton of Berne.

Month	Jan.	Feb.	...	Aug.	Sep.[4]	...	Dec.	Taxation
Gross salary	5 000	5 000		5 000	5 000		10 000	**65 000.00**
Bonus (aperiodic)		30 000						**30 000.00**
Tariff code	A0	A0		A0	A0		A0	
Tax rate TI (%)	10,4[1]	14,4[2]		14,4				
Tax rate BE (%)					10,63[5]		17,01[6]	
January correction	0	+200[3]						
Withholding tax	520	5 240		720	531.50		1 701	**13 375.50**

[1]= A0 with a rate-determining annual income of CHF 65,000.00 (CHF 5,000 x 13).

[2]= A0 with rate-determining annual income of CHF 95 000.00 [(CHF 5 000 x 13)+ CHF 30 000].

[3]= Correction for the withholding tax deduction for the month of January [(CHF 5 000 x 14.4 %) - CHF 520].

[4]= The withholding tax must be settled with the new competent canton in the month following the change of canton in accordance with its tariff.

[5]= A0 with a rate-determining monthly salary of CHF 5,000.00.

[6]= A0 with a rate-determining monthly salary of CHF 10,000.00.

8.3 Change from a canton with a monthly model to a canton with an annual model

From the month following the change of canton, the debtor of the taxable benefit settles the withholding tax exclusively with the canton entitled to claim (with annual model) according to its tariff.

One-off payments made before the change of canton (e.g. bonuses, 13th monthly salary, income from employee participation) or changes in income have no influence on the calculation of the rate-determining annual income for the period in which the change of canton takes place.

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canton with an annual model was entitled to claim. Settlements must be made in the same way as for an entry or exit during the year.

Example:

- A single taxpayer works for the same employer from 1 January to 31 December 2021 with a 100% workload. He earns a gross annual salary incl. 13th month's salary of CHF 65,000.00 (CHF 5,000.00 x 12+ CHF 5,000.00) and receives a bonus of CHF 30,000.00 in February 2021. On 15 August 2021, he moves his place of residence from the canton of Bern to the canton of Ticino.

Month	Jan.[1]	Feb.	March	...	Aug.	Sep.[4]	...	Dec.	Taxation
Gross salary	5 000	5 000	5 000		5 000	5 000		10 000	**65 000.00**
Bonus (aperiodic)		30 000							**30 000.00**
Tariff code	A0	A0	A0		A0	A0		A0	
Tax rate BE (%)	10,63[2]	30,76[3]	10,63		10,63				
Tax rate TI (%)						10,4[5]		10,4	
Withholding tax	531.50	10 766	531.50		531.50	520[3]		1 040	**17 086.50**

[1]= In the monthly model, only the gross salary paid in the corresponding month is decisive for the rate determination.

[2]= A0 with rate-determining monthly income of CHF 5 000.00.

[3]= A0 with rate-determining monthly income of CHF 35 000.00 (CHF 5 000+ CHF 30 000).

[4]= The withholding tax must be settled with the new competent canton in the month following the change of canton in accordance with its tariff.

[5]= A0 with rate-determining annual income of CHF 65 000.00 (CHF 5 000 x 13).

8.4 Change from a canton with an annual model to another canton with an annual model

From the month following the change of canton, the debtor of the taxable benefit settles the withholding tax exclusively with the canton entitled to the tax according to its tariff.

One-off payments made before or after the change of canton (e.g. bonuses, 13th monthly salary, income from employee participation) or changes in income have no influence on the determination of the rate-determining annual income in the other canton. The settlements are to be made in the same way as for an entry or exit during the year.

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Example:

- A single taxpayer works for the same employer from 1 January to 31 December 2021 with a workload of 100%. He receives a gross annual salary incl. 13th month's salary of CHF 65,000.00 (CHF 5,000.00 x 12+ CHF 5,000.00) and receives a bonus of CHF 30,000.00 in February 2021. On 15 August 2021, he moves his place of residence from the canton of Ticino to the canton of Geneva.

Month	Jan.	Feb.	March	...	Aug.	Sep. [5]	...	Dec.	Taxation
Gross salary	5 000	5 000	5 000		5 000	5 000		10 000	**65 000.00**
Bonus (aperiodic)		30 000							**30 000.00**
Tariff code	A0	A0	A0		A0	A0		A0	
Tax rate TI (%)	10,4[1]	14,4[2]	14,4		14,4				
Tax rate GE (%)						11,31[5]		11,31	
January correction		+200[3]							
Withholding tax	520	5 240	720		720	565.50		1 131	**12 907.50**

[1]= A0 with a rate-determining annual income of CHF 65 000.00 (CHF 5 000 x 13).

[2]= A0 with rate-determining annual income of CHF 95 000.00 [(CHF 5 000 x 13)+ CHF 30 000].

[3]= Correction of the withholding tax deduction for the month of January [(CHF 5 000 x 14.4 %) - CHF 520.

[4]= The withholding tax must be settled with the new competent canton in the month following the change of canton in accordance with its tariff.

[5]= A0 with rate-determining annual income of CHF 65,000.00 (CHF 5,000 x 13).

8.5 Change from a canton with a monthly model to another canton with a monthly model

From the month following the change of canton, the debtor of the taxable benefit settles the withholding tax exclusively with the canton entitled to the tax according to its tariff.

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9 Obligations of the debtor of the taxable benefit

9.1 General information

The debtor of the taxable benefit is subject to various obligations in the withholding tax procedure (see Art. 88 and 100 DBG). In return for their co-operation, they receive a withholding tax commission, which is determined by the cantons in accordance with federal law (see Art. 88 para. 4 and Art. 100 para. 3 DBG in conjunction with Art. 6 QStV).

The debtor of the taxable supply is fully liable for the payment of the withholding tax. The liability of the debtor of the taxable supply is independent of fault and also includes errors or misinformation on the part of the taxable person and third parties (see Art. 88 para. 3 and Art. 100 para. 2 DBG). It is therefore the responsibility of the debtor of the taxable supply to clarify the personal situation of the taxable person, to check the information received and to determine whether withholding tax is to be applied to this person. If the debtor of the taxable benefit fails to deduct the withholding tax correctly by relying on incorrect information provided by the taxable person, the debtor of the taxable benefit may be obliged to make an additional payment of the withholding tax owed. This applies even if the employment relationship between the person subject to withholding tax and the debtor of the taxable benefit no longer exists (see also "Décision du Court de droit admi- nistratif et public du Tribunal cantonal du Canton de Vaud FI.2015.0033 du 8 mars 2016").
The right of recourse of the debtor of the taxable supply against the person liable for withholding tax remains reserved (cf. Art. 138 para. 1 DBG).

The debtor of the taxable benefit is obliged to determine the personal circumstances of the person subject to withholding tax (withholding tax liability, marital status, number of children, religious denomination, etc.) which are necessary for the correct levying of tax. Please refer to section 10.2 below for the obligations of the person liable for withholding tax in this regard.

The wilful or negligent failure to pay withholding tax may also constitute tax evasion (see Art. 175 DBG). If the debtor of the taxable benefit uses deducted withholding tax for his or another person's benefit, this may also constitute a criminal offence of misappropriation of withholding tax (see Art. 187 DBG).

The withholding tax deducted must be disclosed to the employee subject to withholding tax in every payslip and also in item 12 of the salary statement. The "Instructions for completing the salary statement" are authoritative. For the purpose of checking the withholding tax deduction by employees, employers are also recommended to list the tariff code(s) applied and the corresponding periods in section 15 of the salary statement (remarks).

9.2 Registration and changes of employees liable to withholding tax

The debtor of the taxable benefit must notify the competent cantonal tax authority of new appointments of employees subject to withholding tax within eight days of taking up the position (see Art. 5 para. 1 QStV). If the personal circumstances of an employee subject to withholding tax change, the debtor of the taxable benefit must also notify the competent tax authority within eight days of the event (cf. Art. 5 para. 3 second sentence QStV). The registration or notification of changes must contain all information relevant for correct withholding tax (see sample form in Appendix I).

In addition, the entry and exit of the person subject to withholding tax into and out of the company must be listed in the fields provided for this purpose in the withholding tax statement.

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In the case of the debtor of the taxable benefit who settles the withholding tax via the standardised ELM-QSt salary reporting procedure, the registration and mutation data are automatically transmitted as part of the monthly settlement procedure (see Art. 5 para. 2 QStV).

If the employee is employed as a temporary worker and only changes the place of work during the course of a month, a maximum of one entry and one exit date must be reported in the corresponding month.

Examples:

- *The staff leasing company Y. AG hires out the employee B. to various hirers (= assignment companies). In the month of May 2022, B. has assignments in two different companies. At company M from 1 May 2022 - 12 May 2022 and at company P. from 15 May 2022 - 25 May 2022. The personnel leasing company (= employer) notifies the cantonal tax authority of the employee's entry on 1 May 2022 and departure on 25 May 2022.*
- *Below are further case variants on how to report entries and exits in a withholding tax statement (in this case for the month of September 2021):*
  1. *Ongoing staff leasing from 13 September 2021: Entry but not yet departure in September settlement*
  2. *One-off staff leasing from 13/09/2021 to 17/09/2021: Entry and departure in September termination*
  3. *One-off staff leasing from 22/08/2021 to 17/09/2021: No entry, but departure in September settlement*
  4. *One-off staff leasing from 22/08/2021 to 14/10/2021: Neither entry nor exit in September payroll run*
  5. *Ongoing repeated hiring out of personnel to one or more host companies from 4 September 2021: Entry but no exit in September payroll run*
  6. *Repeated hiring of personnel to one or more host companies from 13/08/2021 to 26/09/2021: No entry, but exit in September payroll run*
  7. *Multiple staff leasing to one or more host companies from 13/08/2021 to 10/10/2021: Neither entry nor exit in September payroll run*
  8. *Multiple personnel leasing to one or more host companies from 03/09/2021 to 29/09/2021: Entry and exit in September payroll run*

Case	Facts of the case August 2021	Facts of the case September 2021		Facts of the case October 2021	QSt settlement September 2021	
	Entry	Entry	Leaving	Leaving	Entry	Leaving
1		13.09.21			13.09.21	-
2		13.09.21	17.09.21		13.09.21	17.09.21
3	22.08.21		17.09.21			17.09.21
4	22.08.21			14.10.21	-	-
5		04.09.21 22.09.21	13.09.21		04.09.21	
6	13.08.21	 22.09.21	13.09.21 26.09.21		-	26.09.21
7	13.08.21	 10.09.21 29.09.21	13.09.21 24.09.21	 10.10.21		
8		03.09.21 10.09.21 25.09.21	08.09.21 24.09.21 29.09.21		03.09.21	29.09.21

9.3 Withholding tax settlement and withholding tax payment

9.3.1 Withholding tax statements for cantons with a monthly model

The debtor of the taxable benefit periodically prepares a statement of the withholding tax deducted and submits it to the competent tax authority. The withholding tax statement must contain the information in accordance with the sample form in Appendix I. For

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the debtor of the taxable benefit who settles using the standardised ELM-QSt salary reporting procedure, the transmission of the required data is ensured.

The debtor of the taxable benefit must generally submit the withholding tax statements on a monthly basis.

At the request of the taxable debtor, the competent tax authority may authorise longer settlement periods (quarterly, semi-annually, annually), provided that the withholding tax is not settled via ELM withholding tax. If an over-monthly settlement period is granted, the withholding tax data must be shown per employee and per month The withholding tax statement must be accompanied by the necessary documents (e.g. calendar, certificate of employee participation). The withholding tax statements must be submitted to the relevant tax authority by the debtor of the taxable benefit or their representative within 30 days of the end of the accounting period.

9.3.2 Withholding tax payment for cantons with a monthly model

The withholding tax deducted by the debtor of the taxable supply must be paid to the competent cantonal tax authority on the basis of the canton's invoice.

9.3.3 Withholding tax settlement for cantons with an annual model

The withholding tax statement for cantons with an annual model follows the same principles as for cantons with a monthly model (see section 9.3.1 above), whereby the statement must always be submitted to the competent tax authority within 30 days.

In addition, it may be necessary for the debtor of the taxable benefit to recalculate the final tax burden of the person subject to withholding tax at the end of the calendar year or at the end of the employment relationship, taking into account the total annual income and any changes in the professional or family situation (see section 7.2 above).

9.3.4 Withholding tax payment for cantons with an annual model

The withholding tax deducted by the debtor of the taxable benefit must be paid to the competent cantonal tax authority within 30 days of the due date of the benefit.

9.4 Settlement corrections

If the debtor of the taxable supply makes errors when determining the gross salary subject to withholding tax or when applying the tariff code, he may make the necessary corrections himself, provided he can submit them to the tax authorities by 31 March of the tax year following the due date of the supply at the latest.

The debtor of the taxable benefit may request a ruling from the competent tax authority on the status and scope of the withholding tax liability by 31 March of the tax year following the due date of the benefit (see Art. 137 para. 2 DBG).

If the debtor of the taxable benefit has not withheld the tax or has withheld it insufficiently, the tax authority will oblige the debtor to pay the tax not withheld. The debtor of the taxable benefit can claim the under-withheld withholding tax from the employee liable for withholding tax (see Art. 138 para. 1 DBG).

If it is not possible to reclaim withholding tax that has not been deducted in full from the debtor of the taxable benefit, the competent tax authority reserves the right to reclaim it directly from the employee liable for withholding tax (cf. Art. 138 para. 3 DBG).

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If the debtor of the taxable benefit has deducted too much withholding tax, he must refund the difference to the employee liable for withholding tax (cf. Art. 138 para. 2 DBG). If the excess withholding tax has already been settled with the competent tax authority, the latter may refund the difference directly to the taxpayer without interest (cf. Art. 7 QStV).

9.5 Entitled canton

For due dates from 1 January 2021, the debtor of the taxable benefit must settle the withholding tax of its employees directly with the entitled canton and according to its model (see Appendix III; overview of cantons with monthly model and annual model).

The eligibility of the respective canton is determined as follows (see Art. 107 DBG):

- For employees subject to withholding tax who are resident or domiciled in Switzerland for tax purposes: With the competent tax authority of the canton of residence or domicile (cf. Art. 107 para. 1 let. a DBG).
- For employees resident abroad who are subject to withholding tax without weekly residence status: With the competent tax authority of the employer's canton of domicile, administration or place of business (place of integration into the business; cf.
  Art. 107 para. 1 let. b DBG).
- For employees resident abroad who are subject to withholding tax with weekly residence status: With the competent tax authority of the canton of weekly residence (see Art. 107 para. 2 DBG).

If bonus payments to which the legal entitlement only arose after the end of the employment relationship, salary payments in the event of exemption from the obligation to perform work or non-cash benefits from employee shareholdings pursuant to Article 97a DBG are paid to persons domiciled abroad, these must be settled with the competent tax authority of the canton of domicile, administration or permanent establishment of the debtor (employer, insurance company, etc.).

Administrative or permanent establishment cantons within the meaning of the above paragraph include, in particular, branches (cf. Art. 4 para. 2 DBG) of nationally active personnel leasing companies that at least administratively manage the leasing of the employee.

Example:

- The branch office of personnel leasing company X, based in St. Gallen, which lends an employee resident in Austria to an assignment company in Zurich, must settle withholding taxes with the canton of St. Gallen.

Possible constellations:

Country of residence	***Canton of residence***	***Canton of weekly residence***	***Canton of domicile, administration or permanent establishment Employer***	***Local jurisdiction***
CH	*TG*	*-*	*TG*	*TG*
CH	*TG*	*BE*	*BE*	*TG*
F	*-*	*-*	*GE*	*GE*
F	*-*	*VD*	*VD*	*VD*

If a person subject to withholding tax moves their place of residence or weekly residence to another canton, the withholding tax statement must be submitted to the tax administration of the new canton of residence or weekly residence from the following month.

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9.6 Breach of procedural obligations

The debtor of the taxable benefit who fails to comply with the deadlines for submitting registrations or changes as well as withholding tax statements loses the right to the withdrawal commission, depending on the cantonal regulations. If invoiced withholding tax is not paid on time, interest on arrears may also be charged. If a debtor of the taxable benefit does not fulfil the procedural obligations despite a reminder, he may be fined (cf. Art. 174 DBG) and the withholding tax owed may be levied at his discretion (cf. Art. 130 para. 2 DBG). Convictions for completed tax evasion (cf. Art. 175 para. 1 DBG) or for misappropriation of withholding tax (cf. Art. 187 DBG) are reserved.

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10 Rights and obligations of employees subject to withholding tax

10.1 Rights of the employee subject to withholding tax

Employees subject to withholding tax are entitled to have the withholding tax deducted from their wages shown on their payslips and salary statement (see also section 12 of the "Guidelines for completing the salary statement").

If an employee does not agree with the withholding tax deduction according to the certificate of the debtor of the taxable benefit (cf. Art. 137 para. 1 let. a DBG) or has not received such a certificate (cf. Art. 137 para. 1 let. b DBG), he/she may request a refund of the withholding tax by 31 March of the year following the due date.
31 March of the tax year following the due date of the payment, he may request a ruling on the existence and scope of the withholding tax liability from the competent cantonal tax authority. In this case, the debtor of the taxable benefit is obliged to continue to deduct the withholding tax until the legally binding decision is issued (see Art. 137 para. 3 DBG).

If an employee who is not subject to mandatory retrospective assessment wishes to make additional deductions that are not taken into account at all in the withholding tax rate or are only taken into account at a flat rate, they can submit an application for a retrospective ordinary assessment to the competent tax authority by 31 March of the tax year following the due date of the benefit if the necessary requirements are met (see Art. 89a and 99a DBG, see section 11 below). If errors in the calculation of the gross salary or in the application of the tariff (e.g. rate correction for tariff code C; see Federal Supreme Court ruling of 26 June 2018, 2C_450/2017) are reported in due time, a recalculation of the withholding tax can be requested by 31 March of the tax year following the due date of the benefit instead of a subsequent ordinary assessment (see section 11 below).

10.2 Obligations of employees subject to withholding tax

Employees liable for withholding tax are responsible for providing the payer of the taxable benefit with all information relevant to the levying of withholding tax (marital status or changes in marital status, taking up or giving up additional gainful employment, number of children, religious denomination, taking up or giving up gainful employment of the other spouse, etc.). They must do everything possible to enable a complete and correct assessment and, at the request of the competent tax authority, provide oral or written information or submit supporting documents (see Art. 136 DBG and Art. 5 para. 3 QStV).

If the employee subject to withholding tax fails to fulfil his or her information and reporting obligations despite a reminder, he or she may be fined (cf. Art. 174 DBG).

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11 Subsequent ordinary assessment and recalculation of withholding tax

11.1 General principles for retrospective ordinary assessment

In the case of a retrospective ordinary assessment, the ordinary procedural provisions (see Art. 122 ff. DBG) and the tax rate or tax base of the municipality entitled to claim apply. The income tax owed (at federal, cantonal and municipal level) and the wealth tax (at cantonal and municipal level) are determined on the basis of the completed tax return. The taxable income is measured according to the income of the relevant tax year, whereby the total worldwide income (and the assets at cantonal level) is taken into account to determine the rate. Any withholding tax already paid is credited against the ordinary tax without interest (see Art. 89 para. 6, Art. 89a para. 5 and Art. 99a para. 2 DBG).

If an employee subject to withholding tax who is resident in Switzerland has submitted an application for retrospective ordinary assessment, he or she will be assessed retrospectively until the end of the withholding tax obligation (see Art. 89a para. 5 in conjunction with Art. 89 para. 5 DBG).

Employees resident abroad who are subject to withholding tax and who meet the requirements for quasi-residency must submit a new application for subsequent ordinary assessment for each year by 31 March of the tax year following the due date of the benefit (cf. Art. 99a para. 1 DBG).

Persons domiciled in Switzerland can reclaim any withholding tax withheld on the investment income via the retrospective ordinary assessment procedure. Persons subject to withholding tax are still subject to withholding tax deduction on their income from employment and substitute income until the end of their withholding tax liability (see Art. 89 para. 5 DBG in conjunction with Art. 9 para. 4 QStG). Art. 9 para. 4 QStV and Art. 89a para. 5 DBG in conjunction with Art. 10 para. 2 QStV. Art. 10 para. 2 QStV).

The tax authorities are responsible for carrying out the subsequent ordinary assessment:

- For employees domiciled in Switzerland: The canton in which the taxpayer was domiciled or resident for tax purposes at the end of the tax period or tax liability (see Art. 107 para. 4 let. a DBG).
- For persons domiciled abroad: The canton in which the debtor of the taxable benefit had their tax domicile or residence or their registered office, a permanent establishment or the actual administration at the end of the tax period or tax liability (see Art. 107 para. 4 let. b DBG).
- For persons resident abroad and with weekly resident status in Switzerland: The canton in which the taxpayer had weekly residence at the end of the tax period or tax liability (see Art. 107 para. 4 let. c DBG).

11.2 Mandatory retrospective ordinary assessment in the case of residence in Switzerland

A mandatory retrospective ordinary assessment is carried out if a person subject to withholding tax who is resident in Switzerland generated gross income from employment of at least CHF 120,000 in a tax year before any income allocated abroad for taxation is separated (see Art. 89 DBG in conjunction with Art. 9 QStV). In the case of spouses who live in a legally and de facto unseparated marriage, the gross income from employment of the spouses is not added together to determine the minimum amount.

In the case of tax liability during the year, the periodic gross salary income is converted to twelve months for the calculation of the minimum amount and the aperiodic gross salary components are included without conversion (see Art. 40 para. 3 DBG).

If a person subject to withholding tax who is resident in Switzerland earns additional income that is not subject to withholding tax (or has taxable income under cantonal law that is not subject to withholding tax), this income is recognised as taxable income.

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assets), a subsequent ordinary assessment is carried out. Such additional income includes, in particular, income from self-employment, alimony and maintenance payments, orphans' pensions, widows' pensions and income from movable or immovable property. In these cases, the person subject to withholding tax must request the tax return forms from the relevant tax authority by 31 March of the tax year following the due date of the benefit.

The mandatory retrospective ordinary assessment is carried out until the end of the withholding tax liability. Spouses who live in a legally and de facto unseparated marriage are jointly assessed retrospectively.

In the year of marriage, a joint subsequent ordinary assessment is carried out for the entire tax year (see Art. 42 para. 1 DBG in conjunction with Art. 12 para. 1 QStV). In the event of a (subsequent) divorce or actual or legal separation, both spouses are assessed separately until the end of the withholding tax liability (see Art. 42 para. 2 DBG in conjunction with Art. 13 para. 1 and 2 QStV).

11.3 Subsequent ordinary assessment on application if resident in Switzerland

For persons subject to withholding tax who are resident in Switzerland and whose income is less than CHF 120,000.00 per year (see section 10.2 above), a retrospective ordinary assessment is carried out if they submit a corresponding application by 31 March of the tax year following the due date of the benefit (see Art. 89a DBG in conjunction with Art. 10 QStV).
Art. 10 QStV).

The application for retrospective ordinary assessment must be submitted in writing to the tax authority responsible for the assessment. The application must be signed; in the case of married couples, the application must be signed by both spouses. The application must state the tax period for which a retrospective ordinary assessment is being requested (see sample form in Appendix I). If the formal requirements are not met, the tax authority will set the person liable for withholding tax (applicant) a deadline for rectification. At the same time, it will point out that if the requirements are not met, the application for subsequent ordinary assessment will not be honoured and the withholding tax deduction will become definitive.

If the person subject to withholding tax submits the application for a subsequent ordinary assessment in due form and time, the competent tax authority will send them a tax return for the relevant tax year. If the tax return is not submitted even after a reminder has been sent, the tax authority will carry out the assessment at its own discretion. The person subject to withholding tax may be fined for failure to fulfil procedural obligations (see Art. 174 DBG)

Once an application has been submitted in due form and time, it cannot be withdrawn. In subsequent years, a subsequent ordinary assessment will be carried out ex officio until the end of the withholding tax liability. The application also applies to the spouse who lives with the person subject to withholding tax in a legally and de facto unseparated marriage. In the event of a subsequent divorce and actual or legal separation of the spouses, both spouses will be assessed separately until the end of the withholding tax liability (see Art. 9 para. 4 QStV).

For persons who leave Switzerland, the deadline for submitting the application ends at the time of deregistration with the competent authority (see Art. 89a para. 3 DBG). The date of departure from Switzerland is not decisive. In particular, Article 126a DBG (necessary representation) must be taken into account for the procedure. If a person leaving Switzerland does not duly deregister with the competent authority, the deadline is deemed to have expired and the application can no longer be submitted.

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11.4 Subsequent ordinary assessment on request if resident abroad

A person subject to withholding tax who is resident abroad can apply to the competent tax authority for a retrospective ordinary assessment by 31 March of the year following the tax year if at least 90 percent of their worldwide gross income is generally subject to tax in Switzerland in the corresponding tax year (quasi-residence; see Art. 99a para. 1 let. a DBG in conjunction with Art. 14 QStV). This application can be made every year.

Furthermore, a retrospective ordinary assessment can be requested if the person's situation is comparable to that of a taxable person resident in Switzerland (see Art. 99a para. 1 let. b DBG). This may be the case in particular if the person is not taxable under the tax law of the country of residence due to low total income and the personal situation and family status are therefore not taken into account (see dispatch of 28 November 2014 on the revision of the Federal Act on the Withholding Tax on Income from Employment; BBl 2015 657).

With regard to the application, the requirements set out in section 11.3, 2nd paragraph above apply. In addition, a representative in Switzerland must be designated (see Art. 136a para. 2 DBG, address for service; see sample form in Appendix I).

The gross income of the spouse living in a legally and de facto unseparated marriage is also added to the worldwide income. Whether the requirements for quasi-residency are met is checked by the competent tax authority in the assessment procedure, i.e. after the completed tax return has been submitted. To determine whether the threshold of 90 per cent has been reached, the competent tax authority first determines the total worldwide taxable income of the taxpayer (as well as any income of the other spouse) in accordance with Articles 16 - 18 and 20 - 23 DBG. Subsequently, the income taxable in Switzerland according to the international allocation rules is set in relation to the worldwide income.

Example:

- *A person resident in France earns annual gross income of CHF 132,200.00, which is made up as follows:*
  - *Annual gross salary of CHF 100,000.00 from employment in Switzerland;*
  - *Income of CHF 20,000.00 from the rental of a property in France;*
  - *Interest income on domestic and foreign bank accounts of CHF 200.00 and*
  - *Alimony payments from the ex-spouse resident in Switzerland in the amount of CHF 12,000.00*

  In application of the international allocation rules, only income from employment is taxable in Switzerland. This income accounts for 75.7 % of the taxpayer's worldwide income. The person is therefore not considered a quasi-resident in Switzerland.

If the competent tax authority determines that the requirements for a subsequent ordinary assessment are not met, it will issue a negative ruling against which the ordinary appeal procedures can be used (see Annex 4 of the Federal Council Dispatch of 28 November 2014 on the Federal Act on the Revision of the Quasi-resident Taxation of Income from Employment [BBl 2015 p. 657]). If quasi-residency is given, the competent tax authority will carry out the subsequent ordinary assessment.

If the formal requirements for the application for a retrospective ordinary assessment are not met, it will not be accepted. This is also the case if the person liable to pay tax at source does not provide an address for service in Switzerland within the grace period. In both cases, the competent tax authority will issue a contestable decision of non-recognition. The withholding tax deduction made becomes final and binding if the appeal period expires unused.

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11.5 Subsequent ordinary assessment ex officio in the case of residence abroad

If a person resident abroad has various components of income or assets that are taxable in Switzerland but are subject in part to the withholding tax procedure (salary income) and in part to ordinary assessment (e.g. self-employed [ancillary] gainful employment), the taxpayer is obliged to pay tax at source. The competent tax authorities can carry out a subsequent ordinary assessment ex officio (see Art. 99b DBG) and thus ensure that taxation is carried out at the applicable tax rate (see Art. 7 DBG).

The canton in which the majority of the taxable assets are located is deemed to be the competent canton (see Art. 106 para. 2 DBG).

11.6 Recalculation of withholding tax

Any person subject to withholding tax can apply for a recalculation of the withholding tax in the circumstances described below - irrespective of their place of residence - by 31 March of the tax year following the due date of the payment (see Art. 137 DBG):

- Incorrect calculation of the gross salary subject to withholding tax (see section 3.2 above);
- Incorrect calculation of the rate-determining income (see sections 6 or 7 above);
- Incorrect rate application (see sections 3.2.8, 4 and 5 above)

No additional deductions can be made as part of the recalculation of withholding tax. Provided the conditions for this are met (see Art. 89a and 99a DBG), these must be claimed as part of a subsequent ordinary assessment.

The competent tax authority decides whether a subsequent ordinary assessment is to be carried out instead of recalculating the withholding tax.

Such a recalculation of the withholding tax can also be carried out ex officio by the competent tax authority.

The canton entitled to claim withholding tax is responsible for recalculating the withholding tax in accordance with section 9.5 above. If this canton carries out a subsequent ordinary assessment instead of a recalculation of the withholding tax, the responsibility is governed by para.
11.1 above.

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12 Change between withholding tax and ordinary assessment

12.1 Change from withholding tax to ordinary assessment

A person subject to withholding tax who is resident in Switzerland is released from withholding tax if (see Art. 12 QStV):

- obtains a permanent residence permit or Swiss citizenship,
- marries a person who has a permanent residence permit or Swiss citizenship,
- is married to a person who obtains a permanent residence permit or Swiss citizenship,
- has reached the normal AHV retirement age and no longer earns income subject to withholding tax, or
- receives a full disability pension.

If the spouse who is in possession of a permanent residence permit or Swiss citizenship is resident abroad due to a separate domicile, the other spouse without a permanent residence permit or Swiss citizenship is still subject to withholding tax in Switzerland.

Release from withholding tax takes place on the first day of the month following the occurrence of one of the aforementioned criteria.

The person and, if applicable, their spouse living in a legally and de facto unseparated marriage will be assessed for the entire tax period using the ordinary procedure. The withholding tax deducted is credited without interest against the tax determined in the ordinary procedure.

12.2 Change from ordinary assessment to taxation at source

If the conditions that led to a change to ordinary assessment no longer apply, the person is again subject to taxation at source from the following month (see Art. 13 QStV).

This is the case, for example, in the event of divorce or actual or legal separation from the spouse if the person is not in possession of a permanent residence permit or Swiss citizenship.

The reversion to withholding tax means that the person will be assessed retrospectively for the entire tax period and until the end of the withholding tax liability.
Any advance payments already made (instalment payments under the ordinary procedure) and withholding tax deducted will be credited.

If one of the two spouses dies and the surviving spouse is subject to withholding tax again from the following month, both spouses are taxed jointly until the date of death (see Art. 42 para. 3 DBG). The surviving spouse is taxed retrospectively during the year from the day following the date of death. The retrospective ordinary assessment applies until the end of the withholding tax liability (analogous application of Art. 13 para. 1 QStV).

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13 Entry into force, cancellation and transitional law

This circular comes into force on 1 January 2021 and applies to all taxable benefits falling due from this date.

Subsequent ordinary assessments and recalculations of withholding tax (see section 11 above) will therefore be carried out for the first time for the 2021 tax period in accordance with the new law or the provisions of this circular.

Preliminary rulings under previous law that do not comply with the content of this circular will no longer have any effect from the 2021 tax period.

Annex I: Sample forms (registration, mutation, settlement, applications NOV) Annex II: Overview NOV

Appendix III: Overview of cantons with monthly model and annual model

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