

Vast know-how, applied Concisely, Conscientiously and Pragmatically for entrepreneurs, SMEs and private individuals!

What's of importance to you, in a nutshell:

Official reference interest rate for rental relationships: unchanged at **1,25%** (3rd March 2020)
→ **Before 2026 no further reduction is expected (Source: ZKB.ch)**

Safe haven interest rates for advances/loans expected to remain unchanged; here, an overview of the key rates for CHF-based arrangements:

- to participants / related parties (financed out of shareholders' equity) **0.25%**
- from participants / related parties (working capital loans to operating companies) **3.00%**

The entire up-to-date Circular (in German) will be available soon at www.estv.admin.ch.

- **Withholding tax refund to private individuals**

The respective cantonal tax offices are responsible in this regard, and the assumption is made that the income liable for withholding tax has been properly declared on the tax return. Any resulting credit or refund is made at the earliest on 31 March of the following year or otherwise at some later date once the tax return has been received. Therefore, in order to obtain a prompt refund, you need to file your return before the end of March in the new tax year! If need be, a "provisional" tax return can be submitted in advance of that deadline to facilitate the timely crediting or refund of very large withholding tax amounts.

(NB: Since 2021, the interest rate on tax credits in the canton of Zurich has been a mere 0.25%, but it can still pay to file your return promptly – at the very least, the withholding tax credit can partially or even fully offset the ongoing payments on account you need to make for the current tax year!)

- **Tax for private individuals**

Canton Zurich: Debt interest and atypical excess expenditures on foreign real estate are only used for progression rate-determination purposes – this now as it always was for Direct Federal Tax purpose (i.e. abolition of the loss offset versus domestic income).

Canton Zurich: For unlisted shares, their imputed value as at 31 December of the latest tax year is now generally applied (previously, that of the prior year). A newly formulated capitalisation rate is used to determine the earnings value. The rate has been increased from the previous 7% to currently stand at 9.5%, which in turn results in lower earnings values. This better reflects the risk and illiquidity of unlisted shares.

Canton Zurich: Lump-sum benefits from pension plans now incur a lower tax rate; for example, CHF 1 million paid out to a married person is taxed at 8.5% including Direct Federal Tax (previously 13%).

Canton Zurich: The bulletins on property maintenance costs have been adapted (ZStB 30.3 and 30.4) and can be found on the Internet. Although the machine-translated English overview is unpolished, property owners are well advised to give it a quick read!

- **QR invoice or eBill: it's high time to make the change!**

As of 30 September 2022, PostFinance will decommission the trusty but outmoded postal payment slip (PPS). After that date, financial institutions in Switzerland will no longer process the familiar red and orange PPSes – either online or at the counter. Companies that have yet to make the changeover should get in touch with their bank and software partner as soon as possible. They will provide support in the switch to QR or eBill invoicing. See also: www.einfach-zahlen.ch/rechnungssteller and www.paymentstandards.ch.

(Source: SIX, Zurich, www.six-group.com/banking-services).

- **The right of creditors to inspect annual financial statements and auditors' reports**

The debt collection register is a simple way to gain insight into the creditworthiness of a contractual counterparty. However, under Art. 958e para. 2 SCO, creditors are also accorded the right to inspect the debtor's most recent annual financial statements and auditor's report. To exercise that right, the creditor must demonstrate a valid interest by explaining how this documentation is of essential importance (e.g. signs of financial difficulties on the part of the debtor or jeopardization of the creditor's claim), and the amount involved must be more than trivial. This right of inspection can be asserted against sole proprietorships, general partnerships and limited partnerships as well as public limited companies, limited liability companies, cooperatives, associations and foundations. The right specifically includes the authority to inspect these documents at the debtor's registered office. However, there is no entitlement to make copies. If this right of inspection is denied, legal proceedings can be instituted. To protect its legitimate business secrets, the debtor may black out relevant passages of the documents.

- **Continued pension plan insurance cover subsequent to termination**

Individuals who have been terminated by their employer and are at least 58 years old can remain insured under the employer's pension fund. In other words, you can continue to accumulate retirement savings and thereby not run the risk of reduced pension benefits at retirement age, and the ongoing insurance cover can be terminated at any time. This possibility, as well as the consequences/advantages of remaining insured over a longer period of time, should definitely be checked out if you are facing involuntary early retirement!

- **Vorsorge und Nachlass Check-up!**

On 1 January 2023, the new inheritance law will take effect (see INPUT 3 / 2021) and for that reason we have compiled a "Vorsorge und Nachlass Check-up" (in German). This easy to comprehend 3-page brochure can be requested free of charge at meilen@advise.ag. It enables you to gain a structured overview of your current situation and can serve as a starting point for new or adapted personal precautions and/or estate planning. The advisors listed below would be pleased to provide any further information or assistance you might require.

- **Treuhand|Suisse-Compendium
"Employees – how to find the best people and retain them at your company"**

This 30-page document offers useful information that spans the entire "lifecycle" of employment relationships, from the initial job ad, to recruitment, to the rights and obligations applicable throughout the term of employment and upon departure. It also addresses the hot-button issues of mobbing, discrimination and sexual harassment, as well as provides links for downloading checklists and on-the-job aids. The brochure can be ordered free of charge at meilen@advise.ag.

P.S.: We service in ENGLISH – Géstions en FRANCAIS – Gestiones en ESPAÑOL

Your aDVISE contacts:

Rudolf Brauchli, Certified Fiduciary Expert

rudolf.brauchli@advise.ag

Nicolas Egli, Certified Fiduciary Expert

nicolas.egli@advise.ag

Regina Stark, LLM, Attorney-at-Law/Tax Advisor

regina.stark@advise.ag