

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: **1.25%** (3 March 2020)
→ **No further reductions expected before June 2023 (Source: ZKB.ch)**

Safe haven interest rates for advances/loans 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 FTA Circulars (in German) are available at www.estv.admin.ch for CHF and for FX.

- **QR invoices – be prepared!**

Just about a year from now – from 30 September 2022 onwards – Switzerland's familiar orange and red payment slips will become a thing of the past. PostFinance has declared QR-based invoices to be the new standard for billing purposes. If you have not already incorporated this new standard in your accounting software, we recommend that you do so a.s.a.p. and advise your bank of that fact. In many instances, QR invoices can lead to efficiency gains in your administrative activities.

- **Private use of company vehicles – clarification with a view to 2022!**

Those who are entitled to a business vehicle and also make use of it for private purposes incur a monthly "vehicle private-share" charge. Through the end of 2021, the amount of this imputed monthly private share is calculated as 0.8% of the net purchase price (excl. VAT). Moreover, since 2016 (the introduction of FABI), the commute to work with a company car is also accounted for in one's personal tax return as a non-cash benefit. Now, as of 1 January 2022, there will be a change in practice and calculation. The private share will then be calculated as 0.9% per month of the net purchase price (excl. VAT). Logically, this means a higher private share; however, the new amount also includes the trips between home and work. With the new practice, the commute to work no longer needs to be included in one's personal tax return and is deemed satisfied with the increase of the lump-sum amount of 0.1%. Nonetheless, it will still be possible to account for private use on the basis of logged effective kilometres driven. The amendment also eliminates the obligation to certify the proportion of "field" activities in the salary statement.

- **Subordination agreements: revocation requires an audit report**

Corporate creditors frequently agree to subordinate their claims in order to save an overindebted borrower from having to file for bankruptcy and instead proceed with a reorganisation. If the latter is successful, the subordination agreement can be rescinded. In that there are no statutory provisions governing subordination, the standard applied for decades within the auditing profession has been to require the audit of an (interim) balance sheet as a prerequisite for such revocation. The reorganised company must comply with this procedure. However, for companies that are not subject to auditing, the revocation clause in the subordination agreement could of course be formulated differently.

- **Canton of Zurich: tax deduction for self-financing as an option**

Since 1 January 2020, companies domiciled in the Canton of Zurich have the possibility to take a self-financing deduction for federal and municipal tax purposes. This makes sense, seeing as how highly leveraged companies are able to claim interest expenses on their borrowings whilst highly self-financed companies do not incur those expenses. To calculate the self-financing deduction, an imputed interest rate can be applied to a certain portion of the equity capital (namely, the "surplus equity"). In the tax return, this notional interest deduction is applied to the taxable profit and thereby reduces the tax burden – a mechanism that is attractive especially for heavily equity-capitalised companies whose balance sheets show high levels of liquidity and receivables from subsidiaries on the assets side, as well as substantial shareholders' equity. However, our first few calculations have revealed that only in exceptional cases is a tax advantage actually achieved.

- **The revised inheritance tax law takes effect as of 1 January 2023**

In view of the impending introduction of Switzerland's revised inheritance law, it is worthwhile to review your estate arrangements in a timely manner and to clarify the effects of these new regulations. Pre-existing testamentary dispositions will be interpreted in accordance with the new law from 2023 – for example, reduced compulsory allocations to descendants (new $\frac{1}{2}$, no longer $\frac{3}{4}$!). By means of a formal will and inheritance contract, testators will gain more leeway in the apportionment of their estate. In general, though, it is worthwhile to review every few years the pertinence of property and inheritance law provisions or at least to know the effects of the pure Civil Code without any further dispositions can have on one's personal situation.

As to us ...

Founded back in March 2001 by Rudolf Brauchli, Advise Treuhand AG has been in existence for two decades now. As of October 2021, Nicolas Egli, Certified Fiduciary Expert and a long-standing employee and mandate manager, will acquire an initial block of shares in our firm. This will give Rudolf Brauchli the age-related opportunity to gradually reduce his workload and responsibilities over the next three to five years. He looks forward to handling his succession collegially with this young yet highly experienced "home-grown" professional.

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

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