



Zug: doing business



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1 for all

Doing business in the Canton of Zug

Are you interested in moving to the Zug Economic Area and setting up a company? Have you only recently begun doing business in the Canton of Zug? We eagerly await your arrival and wish you a warm welcome!

The Canton of Zug is one of the most popular areas in which to live and to do business – this is borne out by numerous independent ratings and studies. The unique “Spirit of Zug” is immediately noticeable. Formalities and bureaucracy are kept to a minimum: the Zug authorities have an excellent reputation when it comes to dealing with matters quickly and efficiently. The economic success of Zug is based on a long-term development strategy.

The Canton of Zug offers the best overall package. The outstanding locational conditions are applicable to everyone. Their core elements are made up of a unique mix of small and large, local and international firms; a closely knit network of service providers, suppliers and private institutions; investment in training, sport and culture; attractive taxes for legal entities and individuals; the availability of an efficient infrastructure and a fascinating living space.

This brochure “Zug: doing business” provides you with easily comprehensible information with references to further sources for topics relating to the various types of corporation, their foundation and management, corporate taxation, employment legislation and other framework conditions for business.

The Economic Promotion Office is your point of contact

Our services are provided with you, as an entrepreneur, in mind. We are your partner, and we promote Zug as a business location. We are closely networked with local companies, trade associations, other associations and authorities and are committed to helping those wishing to settle or locate here. We will gladly deal with your concerns, please contact us:

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Table of contents

I. Types of corporation (see also www.gruenden.ch)	5
A Types of business activity in Switzerland	5
1 Aktiengesellschaft and GmbH	5
2 Branch operation	5
3 Partnership	5
4 Sole proprietorship	6
5 Contractual relationships	6
6 Antitrust law	6
B Aktiengesellschaft (AG)	6
1 Capital stock	7
1.1 Capital stock, bearer and registered shares	7
1.2 Participation certificates	7
2 The governing bodies of the corporation	7
2.1 General meeting	7
2.2 Board of directors	7
2.3 Auditors	8
3 Company name	8
3.1 Choice of company name	8
3.2 Corporate domicile	8
C Gesellschaft mit beschränkter Haftung (GmbH)	9
D Conclusion	9
E Further information	9
II. Incorporation	10
A Preconditions	10
1 Notarization, certificate of incorporation, supporting documents, payment of capital	10
B Registration procedure	10
1 Commercial register	10
C Time required	10
D Electronic registration	10
III. Management of corporations	11
A Corporate structure	11
1 Shareholders' Meeting	11
2 Board of Directors and management	11
3 Auditors	11
B Accounting and financial statements	12
1 Principles	12
2 Consolidated financial statements	12
C Checklists (see annexes)	12
IV. Special provisions for foreign nationals	13
A General requirements for work permits	13
B Free movement of persons between EU/EFTA member states	13
1 Work and residence permit EU/EFTA	13
C Obligation to register and permit application process	13
1 Citizens of EU/EFTA member states (except Croatia)	13
1.1 Obligation to register for up to 90 working days per calendar year	13
1.2 Process application procedure for work lasting more than 90 working days per calendar year	14
1.3 Permanent residence permit	14

1.4	Information/applications	14
2	Citizens of non-EU/EFTA member states	14
2.1	Obligation to obtain permit for periods of up to four months / 120 working days per calendar year	14
2.2	Permit application process for work exceeding 4 months / 120 working days per calendar year	15
2.3	Permanent residence permit	15
2.4	Information and applications	15
3	Recognition of foreign qualifications	15
4	Purchase of property by non-Swiss citizens	15
4.1	Purchase for residential purposes	16
4.2	Purchase of commercial property	16
4.3	Information	16
V.	Corporate taxation	17
A	Principles of taxation	17
B	Cantonal taxes and federal taxes	17
C	Income and capital taxes	17
1	Ordinary tax rates for operating companies	17
2	Tax rates (see annex)	18
D	Taxation privileges	18
1	Holding companies	18
1.1	Tax rates (see annex)	18
2	Investment companies	18
3	Management companies	18
4	Mixed companies	18
4.1	Income tax	19
4.2	Tax burden	19
4.3	Tax on capital	19
5	Principal companies	20
E	Withholding tax	20
1	Withholding tax upon payment of dividends	20
2	Payment of dividends	20
F	Value-added tax	20
G	Double taxation treaties (DTT)	21
H	Tax relief for companies	21
VI.	Other framework conditions for business	22
A	Employment legislation/employment relationships	22
1	General overview	22
2	Salary levels in Switzerland	22
B	Social insurance law	23
1	Types of social insurance (last amended January 1st, 2015)	23
1.1	Three-pillar system	23
1.2	Overview mandatory contributions social insurance (see annexes)	23
1.3	Old age and survivors' insurance (AHV)	23
1.4	Disability insurance (IV)	23
1.5	Compensation for loss of earnings (EO)/maternity benefit (MSE)	23
1.6	Accident insurance (UVG)	24
1.7	Health insurance and daily sickness allowance (KV)	24
1.8	Unemployment insurance (ALV)	24
1.9	Occupational insurance (BVG)	24

1.10	Family allowances (FAK/FLG)	24
1.11	International treaties	24
2	Cantonal Office for Social Security	24
2.1	Information and advice	24
C	Bonded warehouses	25
D	Legal protection	25
E	Mobility/infrastructure	25
VII.	Index	26
VIII.	Index of abbreviations	28

A Types of business activity in Switzerland

1 Aktiengesellschaft and GmbH

There are primarily two types of corporation when embarking upon business activities: The “Aktiengesellschaft (AG)” and the “Gesellschaft mit beschränkter Haftung (GmbH)”. These two kinds of legal entity offer the following advantages:

- Liability and risk limited to capital
- Simplified transferability of participation rights/shares
- Regulated representation rights
- Comparable with foreign legal entities such as the German “GmbH”, the US “Joint-Stock Company”, the English “Limited Liability Company” and the French “Société Anonyme”.

Besides forming an “AG” or a “GmbH”, it is also possible to have a branch of a foreign corporation entered in the commercial register or to set up a private company which is not a legal entity in its own right.

2 Branch operation

Swiss law offers domestic and foreign companies that wish to maintain their status as a single legal entity but would like to expand the territorial basis of their operations the possibility of setting up branches.

Branches are commercial undertakings that have a certain degree of financial and commercial independence with respect to the principal company but which, however, are legally dependent on the principal company. Their corporate objective is to carry out operations on their own premises on an ongoing basis that are similar to those conducted by the principal company at its own headquarters. Branches do not have a separate legal personality.

Branches may be set up for the following types of corporation:

- AG, GmbH and cooperatives
- General partnerships and limited partnerships

It should be pointed out that for principal companies based abroad, an authorized representative domiciled in Switzerland must be entered in the commercial register.

3 Partnership

Partnerships are formed when at least two persons pursuing a common objective join forces governed by the terms of an agreement. Here, the members or the partners play a central role. The existence of the partnership depends on them and they are liable both with the partnership’s assets and with their own private assets (there are exceptions in the case of limited partnerships). Partnerships, as opposed to AG and GmbH, do not have a separate legal entity. Therefore, a partnership per se cannot be subject to rights and obligations – it is always the partners themselves who exercise these rights and bear these obligations.

Partnerships offer the following advantages:

- No minimum prescribed capital
- Relative freedom in terms of organizing the relationship of the partners inter se

Swiss law recognizes three types of partnership:

- Simple partnership (not suitable for permanent and commercial undertakings)
- General partnership
- Limited partnership

4 Sole proprietorship

Sole proprietorship is established by a private individual commencing a commercial activity. The foundation procedure is straightforward. There are no minimum capital requirements. The name of the company must include the owner's surname – with or without his/her first name – (art. 944 et seq. CO). The owner of the sole proprietorship is liable with his/her entire private and business assets. Entry in the commercial register is mandatory if turnover exceeds CHF 100,000 per year. If the sole proprietorship attains sales revenues amounting to at least CHF 500,000 in a fiscal year, it is required to keep accounts and prepare financial statements. If it has a turnover of less than CHF 500,000, then it is only required to keep accounts of income and expenses and in respect of its financial situation.

5 Contractual relationships

Business relationships can, of course, also be entered into on a purely contractual basis, e.g. based on an agency or sole distributorship agreement. There are numerous ways of structuring these kinds of agreements under Swiss contractual law, which only imposes a small number of restrictions governed by compulsory provisions.

6 Antitrust law

Free competition in business is protected by the Swiss Cartel Act.

The Swiss Competition Commission is responsible for applying and enforcing these provisions (www.weko.admin.ch).

B Aktiengesellschaft (AG)

The AG is a legal entity in its own right with its own name. The corporation's capital is divided up into shares. The owners of the shares (the shareholders) exercise their rights at the General Meeting of Shareholders. Actual management of the AG is the exclusive responsibility of the Board of Directors and the managers (directors) appointed by the Board. The text of the provisions governing companies limited by shares is available at www.admin.ch/ch/d/sr/c220.html (art. 620 et seq. CO).

1 Capital stock

1.1 Capital stock, bearer and registered shares

An AG must have a capital stock of at least CHF 100,000. The capital stock may be divided up into bearer and/or registered shares. The nominal value of these shares must be at least CHF 0.01. When establishing the corporation, each share must be paid up to at least 20% of its nominal value, but the total paid-up share capital must amount to at least CHF 50,000.

1.2 Participation certificates

One portion of the share capital can also be issued in the form of what are known as participation certificates. Essentially, these are shares without voting rights.

One or more individuals or legal entities are required to form an AG. If the shareholders are individuals, it is irrelevant by Swiss corporate law whether they are Swiss nationals or foreigners. On the other hand, setting up an AG can become somewhat more complicated if one or more of the founding shareholders are foreign companies.

2 The governing bodies of the corporation

The AG is made up of three governing bodies: the General Meeting of Shareholders, the Board of Directors and the auditors.

2.1 General Meeting of Shareholders

The General Meeting of Shareholders is the supreme governing body of the company. It is assigned the following non-transferable powers:

- to draw up and amend the Articles of Incorporation;
- to elect the members of the Board of Directors and the auditors;
- to approve the management report and the consolidated financial statements;
- to approve the annual financial statements and to resolve on the distribution of net earnings (in particular, to set the dividends and the management bonuses);
- to grant discharge to the members of the Board of Directors;
- to resolve on matters reserved under the law or under the Articles of Incorporation for the General Meeting of Shareholders.

The General Meeting of Shareholders must be convened at least once a year (within six months of the end of the fiscal year). Extraordinary meetings may be convened at any time by the Board of Directors, by shareholders representing at least 10% of the capital stock or by the auditors.

2.2 Board of Directors

The Board of Directors is the management board of the AG. It is assigned with non-transferable and inalienable duties under the law (e.g. overall management of the company, definition of the management structure, overall supervision of employees entrusted with managerial tasks, preparation of the annual report etc.) The Board of Directors, based on corresponding provisions in the Articles of Incorporation or in the Organizational Regulations, is free to assign the delegable portion of managerial tasks to individual members (delegates) or to third parties (managers or authorized officers).

The Board of Directors is made up of one or several members. There is no requirement for a board member to be a shareholder. The corporation must have the capacity to act in Switzerland. This means that it must be represented by at least one person domiciled in Switzerland and with sole signatory power. This requirement may be satisfied by a member of the Board of Directors or by a manager.

2.3 Auditors

The responsibility of the auditors is to ascertain whether the accounts, the financial statements and, wherever applicable, the consolidated financial statements as well as the recommendation to the General Meeting of Shareholders with regard to the distribution of the balance sheet profit are in line with the law and the Articles of Incorporation. Publicly owned companies and companies required to prepare consolidated financial statements must undergo an ordinary audit. An ordinary audit must also be conducted for any companies in respect of which two of the following variables are exceeded during two consecutive fiscal years:

- balance sheet total of CHF 20 million;
- turnover of CHF 40 million;
- an annual average of 250 full-time employees.

Companies falling short of the criteria for an ordinary audit must undergo a limited audit. This type of audit is known as an “audit review” or “review”. It is based on summary examinations, analyses and interviews with the Board of Directors and management. Companies subject to limited audits and with an annual average of a maximum of 10 full-time employees may dispense with engaging an audit firm provided all the shareholders grant their approval.

The audit firm must be registered at the Federal Audit Oversight Authority in Berne (www.revisionsaufsichtsbehoerde.ch).

3 Company name

3.1 Choice of company name

In principle, the company name can be freely chosen. However, the name must clearly differ from any other company names already registered, must not deceive and must not run contrary to public interests. The name chosen may be fanciful or it may be an objective description. The suffix “AG” must be added to all company names chosen for joint-stock companies, including fanciful names. The use of merely objective terms is not suitable for individualizing a legal entity due to their lack of distinctiveness. Combinations of objective descriptions, i.e. objective descriptions incorporating fanciful elements or to which individualized features are added are admissible as company names.

Company names essentially made up of objective terms or sector descriptions, given the similarity of such names, are only accorded a limited measure of protection because objective terms as such cannot be monopolized.

It is advisable to have the company name checked at the cantonal commercial registry (www.zg.ch/hra) before incorporation. All those company names already registered can be retrieved on the website of the Federal Commercial Registry (www.zefix.ch). Further information on companies already entered in the commercial register is available online at www.teledata.ch (a fee is levied) or at the cantonal commercial registries (free of charge).

In most cases, it is advisable to protect not only the registration of the company name but also any relevant brands/trademarks and the domain name. The Swiss Federal Institute of Intellectual Property (www.ige.ch) is responsible for the protection of brands and trademarks. More details regarding domain names can be found under “Intellectual property” (6.3).

3.2 Corporate domicile

The company’s domicile can be chosen anywhere within Switzerland. If the statutory domicile does not coincide with the place where the company is actually managed, this could be of relevance with regard to taxation. As a rule, liability for tax exists at the place where the company is actually managed (place of business) and not at the domicile shown in the registration documents.

C Gesellschaft mit beschränkter Haftung (GmbH)

Like the AG, the GmbH is a legal entity in its own right. Since the GmbH is very similar to the AG, please refer to the comments regarding the company name, domicile and articles of incorporation. The incorporation of a GmbH, in the same way as for an AG, only requires one person (individual or legal entity). The GmbH must be represented by a person residing in Switzerland. This person can be a shareholder or a manager. The nominal capital, amounting to at least CHF 20,000, must be fully paid in. There is no statutory cap on the nominal capital. The minimum nominal value per share must be at least CHF 100. In the event of recapitalization this figure may be reduced to one Swiss franc. Shareholders may hold more than one share.

In the same way as for AGs, the law provides for three governing bodies at a GmbH: the General Meeting of Shareholders, the management and the auditors.

With regard to the arrangements for auditors reference can be made to the comments above on AGs.

D Conclusion

A glance at statistics shows that the AG is by far the most popular type of corporation. There are various reasons for this. It is often said that the AG's higher capital base makes it more credit-worthy and that the GmbH is unsuitable for larger corporations because of the limitations to the transferability of its shares. The advantages of GmbHs and partnerships include the lower capital requirements, the possibility of establishing further duties in the Articles of Incorporation and the principle of Selbstorganschaft [managerial and representational functions exercised by the members themselves].

Given its corporate organizational structure (separate legal personality) the GmbH is also suitable for transformation later on into an AG.

E Further information (see brochure: "Zug: key contacts"):

- Zug Attorney's Association
- Fiduciary Association of Zug ZTV

II. Incorporation

A Preconditions

1 Notarization, certificate of incorporation, supporting documents, payment of capital

An AG or a GmbH can be set up quickly and easily. In order to set up an AG or a GmbH a foundation document must be notarized by an authorized notary (a lawyer with a license to act as a notary public). When the foundation takes place the following documents must be submitted to the notary: (1) Articles of Incorporation, (2) declaration of acceptance of mandate by auditing firm (if applicable), (3) confirmation by a recognized depository (bank) that the share capital or foundation capital has been paid in and is freely available to the corporation, (4) domicile acceptance statement in those cases in which the corporation will not have its own offices following the foundation.

B Registration procedure

1 Commercial register

Following foundation the corporation must apply to be entered in the commercial register (www.hrazg.ch). This application must be accompanied by the certification of incorporation together with original copies of the other documents mentioned above.

It should be noted that during the registration procedure, the share capital lodged with the depository (a bank) remains blocked. The registration procedure concludes when the corporation is formally entered in the commercial register. The company, however, is only able to freely dispose of the paid-in capital after an excerpt from the commercial register detailing the company's registration has been submitted to the depository. Capital deposit account facilities are provided by all banks.

C Time required

By way of clarification of the time required, reference may be made to the following diagram showing the steps and time involved during the foundation of a company:

Drafting foundation documents with supporting documents	1 to 5 days
Certificate of Incorporation, Articles of Incorporation, application etc.	1 to 5 days
Clarification of domicile and auditors	
Paying in of capital	
First meeting of shareholders	less than ½ day
Registration commercial register	3 to 7 days

D Electronic registration

www.easygov.swiss: EasyGov is a service provided by SECO (State Secretariat for Economic Affairs) aimed at supporting and simplifying the process of setting up companies in Switzerland.

A Corporate structure

1 Shareholders' Meeting

The Shareholder's Meeting is the supreme governing body of the AG and the GmbH. In the case of AGs the Shareholders' Meeting exercises conclusive powers. The other powers are vested in the Board of Directors. In the case of GmbHs the shareholders' meeting is also the supreme governing body. However, as opposed to the AG, the shareholders' meeting has further, non-transferable powers. It may exercise a greater influence over the company's business. In addition, all the shareholders in a GmbH are, generally speaking, entitled to jointly perform managerial tasks.

The organization of partnerships is primarily regulated according to the provisions of the partnership agreement.

2 Board of Directors and Management

Companies (corporations and partnerships) have an organizational structure. Generally speaking, Swiss company law is drafted in a way that enables companies to establish a tailor-made organizational structure within the existing legal constraints.

A corporation is usually managed by the Board of Directors itself and by the managers appointed by the latter. The responsibilities and powers of the managers should preferably be set down in detail in organizational regulations in order to reduce personal liability.

When appointing managers care should be taken to ensure that foreign managers, inter alia, have a work permit.

In an AG the shareholders' meeting must elect the board of directors to act independently of the shareholders' meeting (Drittorganschaft). In a GmbH and in a partnership managerial duties are exercised by the shareholders/partners themselves, unless otherwise provided for in the articles of incorporation or partnership agreement (Selbstorganschaft).

3 Auditors

The auditors, which check whether proper accounts are kept, are elected by the shareholders' meeting in AGs and GmbHs. Together with the board of directors and/or management and the shareholders' meeting it constitutes the third corporate body of an AG or GmbH.

Partnerships are also required to keep accounts and prepare financial statements under certain conditions. Under the law, no auditors or audits are envisaged in the organizational structure of partnerships.

B Accounting and financial statements

1 Principles

Legal entities, sole proprietorships and partnerships are all required to keep accounts and prepare financial statements if they have achieved a turnover of at least CHF 500,000 in the preceding fiscal year. Sole proprietorships and partnerships, inter alia, are released from the obligation to prepare financial statements if their turnover is less than CHF 500,000.

The accounts provide the basis for the financial statements. They record any transactions and facts required to portray the company's financial position, cash flows and results of operations.

A minimum structure is required under the law for the balance sheet and income statement. When drawing up the balance sheet and income statement, it is important to comply with the principles of proper accounting (completeness, clarity, materiality, prudence, continuity etc.) It should be possible to assess the financial position and results of operations as reliably as possible. But this does not mean that even a transparent set of accounts complies with the "true and fair view" principle because the valuation rules anchored in law, even under the new accounting laws, allow the creation of so-called hidden reserves.

2 Consolidated financial statements

Holding companies which, by means of majority voting rights or in some other way, exercise control over one or more other companies and which, in addition, meet two of the following criteria:

- total assets of more than CHF 20 million
- turnover of more than CHF 40 million or
- an annual average of more than 250 full-time employees,

are obliged to prepare consolidated financial statements each year.

Holding companies are also obliged to prepare consolidated financial statements if: consolidated financial statements are required for the reliable assessment of the economic situation or shareholders holding at least 20 percent of the nominal capital request consolidated financial statements. Apart from the general principles of the proper presentation of accounts, the consolidated financial statements, under certain circumstances, must be drawn up in accordance with recognized (international or national) accounting standards (e.g. the "International Accounting Standard (IAS)", the "U.S. Generally Accepted Accounting Principles (U.S. GAAP)" or corresponding EU guidelines).

C Checklists (see annexes)

A General requirements for work permits

General requirements	EU/EFTA	Non-EU/EFTA
Priority to domestic employees	no	yes (CH / EU / EFTA)
Working conditions (salary, housing) in line with local standards	yes	yes
Quota	no	yes
Legal claim	yes	no
Office responsible	Office for Migration	Office for Economy and Labor
Posted employees, cross-border services	see flowchart	see flowchart

B Free movement of persons between EU/EFTA member states

1 Work and residence permit EU/EFTA

Since the entry into force of the Bilateral Treaties between the European Union (EU) and Switzerland, also applicable to the European Free Trade Association (EFTA), citizens of these countries residing in Switzerland for profit-making purposes generally have a legal claim to be granted access to the labor market provided the provisions envisaged in the agreements are fulfilled. The Office for Migration approves residence and work permit applications based on the submission of an employment contract.

From June 1, 2016 Bulgaria and Romania have been granted the same status as the other EU/EFTA member states. Croatia is not covered by the Agreement on the Free Movement of Persons (AFMP). Croatia, with regard to provisions on foreign nationals, is classified as a non-EU state.

Further information on the free movement of persons can be found at www.zg.ch/afm or www.sem.admin.ch. The forms mentioned below for the various types of permit can be found at www.zg.ch/afm.

C Obligation to register and permit application process

1 Citizens of EU/EFTA member states (except Croatia)

1.1 Obligation to register for up to 90 working days per calendar year

These citizens do not require any work permits for staying and taking up employment for periods of up to 90 working days per calendar year. Similarly, independent service providers and posted workers are allowed to provide cross-border services during a total of 90 working days per calendar year in Switzerland. However, these groups of persons are obliged to register if the duration of their activities exceeds eight days in any calendar year. Generally speaking, this obligation to register must be fulfilled (see flow chart).

Exception: for work in the primary and auxiliary construction sector, horticulture, hotel and catering sector, cleaning sector, security and surveillance services, commercial travelers and those working in the sex industry, the obligation to register exists regardless of the duration of the work from the very first day.

The application must be submitted using the free online registration service at www.sem.admin.ch. Application by fax/email is not possible.

1.2 Process application procedure for work lasting more than 90 working days per calendar year

If a service provider or a posted worker requires more than 90 working days in any given calendar year for work activities, an application may be submitted for a limited short-term permit per person for the duration of the work (form D1).

The following residence permits may be granted to employees taking up employment in Switzerland:

- short-term residence permit EU/EFTA for max. four months uninterruptedly or max. 120 sporadic days in any given year (form K1)
- short-term residence permit EU/EFTA for max. 364 days if the employment contract has been concluded for less than one year (form A1)
- residence permit EU/EFTA for five years for indefinite employment contracts (form A1)

EU/EFTA citizens who start working on a self-employed basis (validity one year) in Switzerland must submit the SE1 permit application form (for sole proprietorship/GmbH) together with proof of adequate financial means, a comprehensive business plan and an excerpt from the commercial register (GmbH).

1.3 Permanent residence permit

Citizens of the EU-15 (Belgium, Denmark, Germany, Finland, France, Greece, Great Britain, Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal, Sweden and Spain) and EFTA member states are generally granted a permanent residence permit after five years of uninterrupted residency in Switzerland. EU-8 citizens and citizens of Malta and Cyprus are granted a residence permit after ten years of uninterrupted residency. Subject to renewal every five years. The same applies to citizens of Bulgaria and Romania.

1.4 Information / applications

Office for Migration (see brochure: "Zug: key contacts")

2 Citizens of non-EU/EFTA member states

Following the entry into force of the Bilateral Treaties between the EU and Switzerland and their application to the EFTA member states, EU/EFTA citizens are accorded priority treatment. The number of permits for citizens of non-EU/EFTA states is strictly limited. The permit requirements under the Swiss Federal Act on Foreign Nationals (AuG) and the Decree on Admittance, Residence and Employment (VZAE) are applicable to such persons. The work permits are limited under a quota system.

Professional qualifications (university-level education, long-term specialist and managerial experience), priority to domestic employees and the working and salary conditions are all examined.

2.1 Obligation to obtain permit for periods of up to four months/ 120 working days per calendar year

Employers must also submit an application for a residence and work permit (form K2) for non-EU/EFTA specialists engaged by Swiss companies for project work lasting up to four months or 120 working days in any calendar year.

Service providers and employees posted by companies from non-EU/EFTA states require a residence and work permit (form K2) from the very first day.

2.2 Permit application process for work exceeding four months/ 120 working days per calendar year

Persons taking up employment in Switzerland and service providers or employees posted by companies from non-EU/EFTA states require a residence and work permit from the very first day. The following residence and work permits may be granted:

- short-term permit for max. four months uninterrupted stay or max. 120 sporadic days per year (form K2);
- short-term residence permit for max. 364 days if the employment contract has been concluded for less than one year (form B2) with a one-time option for extension by a further 364 days;
- residence permit for max. five years for indefinite employment contracts (form B2).

A residence permit for work on a self-employed basis (regardless of the corporate form) is only granted in exceptional cases. The form B2 must be submitted together with proof of adequate financial means (with an employment contract if need be) and a detailed business plan. It is advisable to contact the Office for Economy and Labor beforehand.

2.3 Permanent residence permit

A permanent residence permit is usually granted after ten years of uninterrupted residence in Switzerland. Subject to renewal every five years.

2.4 Information / applications

Office for Economy and Labor (see brochure: "Zug: key contacts")

3 Recognition of foreign qualifications

Certain professions – in particular in the healthcare sector, teaching and technical professions and professions relating to the administration of justice – are regulated. They may only be exercised if a diploma, certificate or certificate of competency can be furnished. Foreign qualifications must be recognized by the competent authorities. A different authority is responsible for this task depending on the profession in question but usually, the authority regulating the profession is responsible for recognizing foreign qualifications.

Switzerland works closely with the EU within the framework of the Agreement on the Free Movement of Persons and participates in the European system of diploma recognition. Persons from non-EU countries can also have their qualifications recognized in Switzerland.

www.sbf.admin.ch > Education

Recognition of Foreign Qualifications/Regulated Occupations and Professions

Languages: German, English, French, Italian.

4 Purchase of property by non-Swiss citizens

Generally speaking, the purchase of real estate in the Canton of Zug is possible without restrictions and permits. There are no restrictions for the purchase of real estate by Swiss-controlled companies.

4.1 Purchase for residential purposes

EU/EFTA citizens with their main place of residence in Switzerland can purchase real estate of any kind in the same way as Swiss citizens. They do not need an additional permit. For foreigners with their place of residence abroad and for foreigners living in Switzerland who are neither EU nor EFTA citizens and who do not hold a valid permanent residence permit, the following rules apply: Real estate of up to 3,000 m² can be purchased without a permit if it serves as self-used residential property (main place of residence) provided the purchaser is entitled to reside in Switzerland indefinitely. For real estate with plot areas exceeding 3,000 m² the purchase may only be completed if the Department of Economic Affairs provides its consent for purchase without a permit.

4.2 Purchase of commercial property

No permit is required if commercial property is purchased (including reserve areas) even if the real estate is not used by the purchaser but is rented out or leased to a third party. This also applies if property is purchased by foreign-controlled companies. However, it is advisable to consult with the Cantonal Economic Department.

There is a large range of industrial, small business and office premises in the Canton of Zug which meet the most modern requirements in terms of building technology, communications etc. (An overview of the current offers is provided by the list of real estate on the webpage Economic Promotion at www.zg.ch/economy).

4.3 Information

Volkswirtschaftsdirektion des Kantons Zug (Department of Economic Affairs)

Aabachstrasse 5
6301 Zug
Telephone: +41 41 728 55 06
info.vds@zg.ch
www.zg.ch/volkswirtschaft

Kontaktstelle Wirtschaft (Economic Promotion) (see brochure: "Zug: key contacts")

Information on available business premises and industrial land

A Principles of taxation

The Swiss tax system is characterized by various levels of direct taxation: direct federal tax, cantonal tax and municipal tax.

Furthermore, the tax legislations in the individual cantons are often very different from one another. Important areas, such as the powers to set tax rates and tax scales, continue to be exercised by the cantons.

The Canton of Zug, with the partially revised tax law that came into effect on January 1, 2007, further improved the conditions, already attractive, for legal entities and has continued to strengthen its position in the years thereafter as a canton with competitive tax rates. Companies operating in the Canton of Zug will therefore be able to take advantage of this attractive location benefit.

However, one decisive advantage of Zug as a business location, apart from its favorable taxation regime, lies in the generally uncomplicated, non-bureaucratic nature of dealings between the cantonal tax authorities and taxpayers.

B Cantonal taxes and federal taxes

In principle, individuals and legal entities are liable for tax in the Canton of Zug if their place of residence or registered office is located in Zug or if they operate a branch there. An obligation to pay tax on assets and income in Zug may, under certain circumstances, also exist if the domicile of the individual or legal entity is located outside Switzerland. Foreign nationals or entities can, for example, be taxed at source for income which they earn professionally in Zug, such as management bonuses, remuneration for attending meetings etc. In such cases, in order to avoid double taxation, the relevant double taxation treaty applicable to the corresponding case should be consulted. Switzerland has concluded such treaties with most industrialized nations.

C Income and capital taxes

Direct federal tax, cantonal tax and municipal tax are levied on the income (profit) of a corporation. The capital is only subject to cantonal and municipal taxes.

The tax rate varies depending on the activity of a corporation (an AG or a GmbH). A differentiation is made between operating companies, holding companies, domicile companies and mixed companies. The Canton of Zug offers tax privileges to holding, domicile and mixed companies.

1 Ordinary tax rates for operating companies

Operating companies are undertakings operating in Zug in commerce or in the manufacturing or service sectors. They are subject to ordinary taxation.

Taxes are payable on taxable net earnings and on the share or nominal capital paid in as well as on disclosed and hidden reserves.

2 **Taxes rates** (see annex)

D **Taxation privileges**

In contrast to direct federal tax, which only envisages a privileged tax regime for holding and principal companies, tax legislation in Zug grants tax privileges to certain companies according to their type of activity.

1 **Holding companies**

Holding companies are understood to refer to companies whose main purpose is the ongoing management of investments in other companies and which do not conduct any business activities in Switzerland. An additional requirement is that the investments held or the revenues earned must represent at least two thirds of the total assets and/or total income. Holding companies are exempt from cantonal income tax and pay a reduced rate of capital tax. At federal level, based on the income from significant investments in other companies, it is possible to claim a tax reduction (known as the participation deduction).

1.1. **Taxes rates** (see annex)

2 **Investment company**

In the same way as for the participation deduction at federal level, a tax reduction is also granted at cantonal level for significant investments in other companies.

3 **Management companies**

In the case of management companies, revenues from Swiss sources are fully taxed whereas income from foreign sources is taxed proportionately, depending on the extent of the activity. Income from investments is exempt from tax. Domicile or mixed companies are management companies.

Domicile companies are characterized by the fact that they only have their business address in the Canton of Zug but do not conduct any actual business in Switzerland. In particular, they have neither staff nor offices of their own.

4 **Mixed companies**

Mixed companies are corporations or branch operations of foreign companies whose business activity is primarily related to business abroad whereas any business activity in Switzerland itself is of a secondary nature.

The legal form of such companies includes joint-stock companies, limited partnerships, limited liability companies, cooperatives and branches of foreign companies.

The business activity must be performed predominantly outside Switzerland, i.e. at least 80% of both sales and purchases must take place outside Switzerland (the bi-dimensional principle). Mixed companies are not allowed to be involved in their own production or distribution activities in Switzerland.

4.1. Income tax

The taxable net profit of a mixed company is assessed using segment accounting.

The following types of income are taxable at the ordinary rate:

- investment income (interest, dividends and capital gains) from domestic sources;
- income from intangible rights (licenses and trademarks) in Switzerland (up to 20%);
- trading income from Switzerland (up to 20%)
- income protected under double taxation treaties (interest and royalties) where the understanding is that taxation takes place in Switzerland;
- income from real estate in Switzerland (including imputed rent in line with the market).

In general, costs incurred in relation to specific assets are allocated to them using segment accounting or proportionately if segment accounting is not applied, in which case a lump sum consisting of management costs and taxes may be allocated as a deduction.

Income derived from outside Switzerland is taxed on a scale calculated in accordance with the number of full-time employees of the group in Switzerland:

up to 5 employees	10%
between 6 and 10 employees	15%
between 11 and 30 employees	20%
over 30 employees	25%

If the company is Swiss-controlled the taxable percentage is increased by 10%, but the maximum percentage may not exceed 25%. When determining the rate applicable reference is made to the total profit.

For operating profit abroad exceeding CHF 200 million (for a 12-month period) and if segment accounting is applied, the taxable quota is 10% irrespective of the number of employees or any significant Swiss participating interest in the company.

Net proceeds from specific participating interests are tax-free in accordance with section 67 of the Tax Act [StG] (dividends and capital gains) after deduction of capital losses (depreciation and provisions). Net losses from participating interests cannot be set off against the remaining domestic- and/or foreign-sourced income.

4.2. Tax burden

The income tax rate is 5.75%.

The simple tax rate is multiplied by the applicable tax multiplier.

4.3. Capital tax

Capital tax is levied on the company's equity. The capital tax rate is 0.01% of the taxable equity, however no less than CHF 250, multiplied by the applicable tax multiplier (section 75, para. 1 StG).

The equity consists of paid-in equity (share capital, authorized capital or nominal capital), participation capital, declared and hidden reserves created from taxed profits as well as retained earnings. The paid-in share, authorized or nominal capital, including the paid-in participation capital, is always taxed (section 72 StG). Reference is made to the value of shareholders' equity as at the end of the relevant tax period (section 78 StG).

5 Principal companies

Principal companies conduct commercial transactions on a commission basis with foreign subsidiaries and sister companies and also allocate manufacturing orders to such foreign companies. For this type of business activity, principal companies are entitled to claim a deduction at the level of direct federal tax for business conducted outside Switzerland.

E Withholding tax

1 Withholding tax upon payment of dividends

The distribution of a corporation's profits, e.g. in the form of dividends or other kinds of distribution, is subject to the withholding tax of the Swiss Confederation. The tax is levied at source and currently stands at 35%. A refund of this tax depends on whether the double taxation treaty between Switzerland and the recipient's country of residence provides for a refund.

2 Payment of dividends

In the relationship between a Swiss parent company and a Swiss subsidiary, the company paying out a cash dividend can decide whether to trigger the notification procedure instead of paying the tax on the dividends. A corresponding amendment to the Implementation Ordinance on the Federal Law on Withholding Tax was approved by the Swiss Federal Council on January 1, 2001. The notification procedure is also possible within a corporate group at the level of Switzerland-EU.

F Value-added tax

During the course of business, it is important to note that supplies of goods and services within the territory of Switzerland give rise to value-added tax (VAT), which is levied on gross sales.

Exports and services rendered abroad are exempt from VAT; this is based on the consideration that they are subject to foreign value-added tax. Any person, entity, association without legal capacity (e.g. consortia operating in the construction sector), institution etc. running an undertaking is liable for tax. If the taxable services rendered in Switzerland do not exceed CHF 100,000 in any given year, no registration in the VAT register is required. The standard rate of 7.7% is low in comparison to the rates applied internationally (the standard tax rate in the EU is between 15% and 25%). For certain items and services (e.g. newspapers, medicines, food and beverage etc.) a rate of 2.5% is applicable.

(Information at www.estv.admin.ch)

G. Double taxation treaties (DTT)

In order to avoid a duplication of taxes, Switzerland has signed double taxation treaties with most industrialized nations (Germany, the USA etc.)

These DTTs cover, in particular, the following aspects of tax:

- exemption of profits from branches in the partner nation;
- reclaiming of source taxes;
- taxation of royalties and license fees.

(More information at www.estv.admin.ch. and www.sif.admin.ch)

H Tax relief for companies

The granting of tax relief to companies (legal entities and partnerships) was envisaged in the Federal Tax Harmonization Law and has therefore been incorporated into the tax law of the Canton of Zug. However, the wording of the article and its intended implementation does point to a restrictive method of application. Apart from the foundation of new companies, any significant change in the existing operational activity may also be eligible for tax relief. Decisions regarding tax relief are made by the government of the Canton of Zug after consulting the municipality and following a request from the Economic and/or Finance Departments. Tax relief applies to cantonal and municipal taxes.

VI. Other framework conditions for business

A Employment legislation/employment relationships

1 General overview

In comparison to most of its European neighbors Switzerland's employment law is considerably liberal. As opposed to other countries, there are comparatively few compelling regulations with regard to the content and the termination of employment relationships.

Furthermore, Swiss employment law is considerably more sympathetic to employers with regard to employee inventions and the development of commercial designs and models

Nowhere else in the world are fewer working days lost because of industrial disputes than in Switzerland. Most Swiss employees are not members of a trade union.

Switzerland not only has an exceptionally well-structured education system but also four national languages, which means that employees here possess above-average languages skills in more than one language. In addition, there are numerous further education institutions that provide employees with solid training, e.g. the Institute for Financial Services ("IFZ"; www.ifz.ch) in Zug, which offers higher education, partly in English, in the fields of trade and finance or the first IT department at a Swiss college of higher education, the Rotkreuz campus at the Lucerne University of Applied Sciences and Arts (www.hslu.ch). Colleges of higher education and universities as well as polytechnic colleges are all located in or very close to Zug (www.unizh.ch, www.ethz.ch, www.fhz.ch).

Various private schools in the Canton of Zug offer a variety of support and training programs for children and young people speaking a foreign language. A list of these schools can be obtained from the Economic Promotion Office (www.zg.ch/economy).

2 Salary levels in Switzerland

Salary levels in Switzerland are relatively high. They reflect the high levels of performance and prosperity. High salaries are evidence of success and render Switzerland attractive for skilled workers. Given that there are fewer deductions as compared to other countries (taxes, social insurance) Switzerland also occupies one of the first places in terms of net income.

The official surveys conducted regularly on salary levels and structures reveal considerable differences both between and within individual sectors.

www.lohnrechner.bfs.admin.ch

Individual salary calculator

www.bfs.admin.ch > Topics > 03 Work and income

Salaries and earnings

B Social insurance law

1 Types of social insurance (last amended January 1, 2015)

1.1. Three-pillar system

The Swiss social security system is based on the “three-pillar” principle. The 1st pillar – state insurance – is designed to adequately insure the livelihood requirements of elderly persons, survivors and the disabled through old age and survivors’ insurance (AHV), disability insurance (IV) and supplementary benefits (EL). Together with the benefits paid under the system’s 2nd pillar – occupational pension – they are designed to ensure the maintenance of the accustomed standard of living. The 3rd pillar – private insurance – is meant to provide for an individual supplement.

Three-pillar system					
1st pillar State insurance		2nd pillar Occupational pension		3rd pillar Private insurance	
Livelihood security		Maintenance of accustomed standard of living		Individual supplement	
AHV/IV	Supplementary benefit	Mandatory occupational pension (BVG)	Extra-mandatory occupational pension	Tied pension provision (pillar 3a)	Flexible pension provision (pillar 3b)
PAYGO system		Funded system		Funded system	

Source: Information office AHV/IV

The three pillars of the social security system are supplemented by the compensation for loss of earnings during military service or civil protection or defense services (EO), the continuing payment of salary during maternity (MSE), family allowances (FAK/FLG), accident insurance (UV) and unemployment insurance (ALV).

1.2 Overview mandatory contributions social insurance

(see annexes)

1.3 Old age and survivors’ insurance (AHV)

Old age and survivors’ insurance (AHV) is the most important pillar in Switzerland’s social security system. It pays benefits for old age (retirement pay) or to survivors (pensions for widows, widowers and orphans). It is mandatory for anybody living or working in Switzerland to have old age and survivors’ insurance. The AHV is based on a PAYGO system: the contributions collected are paid out within the same period for benefits to those eligible for a pension.

1.4 Disability insurance (IV)

The disability insurance is a mandatory insurance that applies throughout Switzerland. The primary aim of IV is that of securing employment and ensuring the labor market integration of those insured as quickly as possible. The entitlement to a pension is therefore only checked after all the other measures for reincorporation into the labor market have been exhausted and there are no prospects of improving a person’s capacity for work.

1.5 Compensation for loss of earnings (EO)/maternity benefit (MSE)

Compensation for loss of earnings covers part of the earnings lost by persons doing military service or rendering civil defense or civil protection services. Similarly, the EO also compensates for loss of earnings during maternity. This insurance is mandatory.

1.6 Accident insurance (UVG) Accident insurance provides cover to all employees working in Switzerland in the event of occupational accidents, occupational diseases and non-occupational accidents. Employers are obliged to insure employees against occupational accidents and diseases. Freelancers can take out voluntary insurance against accidents.

1.7 Health insurance and daily sickness allowance (KV) In addition, anyone living in Switzerland must take out insurance with a Swiss health insurance institution covering healthcare in the event of illness (as an in- or out-patient) within three months of entering the country. If the stay is for less than three months, there is no insurance obligation. In relations between the EU/EFTA and Switzerland, working people are obliged to take out health insurance in the country in which they work. It should be noted that in Switzerland, family members who do not work are not automatically included in insurance coverage. For all other employees, the insurance obligation may not apply if the mandatory foreign insurance protection is comparable with Swiss health insurance.

1.8 Unemployment insurance (ALV) Unemployment insurance provides for the partial and time-limited continued payment of salary in the event of unemployment and encourages the reintegration of unemployed persons into the labor market. It is mandatory for employees.

1.9 Occupational insurance (BVG) All employees insured under AHV insurance with annual earnings of at least CHF 21,150 are obligatorily insured under BVG. Each employer employing somebody subject to mandatory insurance must set up a pension fund entered in the register for occupational insurance or join such a fund.

1.10 Family allowances (FAK/FLG) Family allowances are designed to partially compensate for the costs incurred by parents for looking after children. For children up to the age of 16 in the Canton of Zug, a monthly child allowance of CHF 300 is paid. Children in education are eligible for an education allowance until their education has been completed amounting to CHF 300 (17 and 18 years of age) or CHF 350 (19 years of age and over), however not beyond 25 years of age. The employee's salary must amount to at least CHF 587 per month or CHF 7050 per year.

1.11 International treaties In principle, anybody gainfully employed in Switzerland must have social security insurance. Following the conclusion of the Agreement on the Free Movement of Persons between the EU and Switzerland, the social security systems of these countries were coordinated. The mandatory insurance cover is linked to the place where a person works. The same applies to the EFTA. For anybody not covered by the provisions of the Agreement on the Free Movement of Persons, the social security treaties which Switzerland has concluded with various countries continue to apply.

2 Compensation fund and "IV-Stelle" office Zug

2.1 Information and advice The compensation fund and the IV-Stelle office in Zug are entrusted with tasks for nine of the total of ten branches of the Swiss social security system. As a public organization, it insures that the entire population has access to the standard benefits of the social security system. You can arrange a free counseling interview at the compensation fund and IV-Stelle office Zug. Compensation fund/IV-Stelle Zug (see brochure: "Zug: key contacts")

C Bonded warehouses

Bonded warehouses are warehouses in which goods for which no duties or taxes have been paid are stored temporarily. They are run by private warehouse companies, are of a public nature and are available to any interested party. The most important advantages of a bonded warehouse are the following:

- transit storage: transit goods can be warehoused in the customs territory without paying any import duties.
- credit storage: for goods destined for sale in the customs territory, the import duties only have to be paid after the storage has concluded (final customs declaration).

The goods arrive at the bonded warehouse from the frontier via transit routes. Once temporary storage has concluded, the goods may be either finally imported or taken out of the customs territory using the transit procedure.

Any changes required for the preservation of the goods during storage (e.g. disposal of external packaging, repackaging, taking of samples) may be carried out without the permission of the customs authorities; restrictions are applicable to transit goods (re-export into the EU).

The following goods can be placed temporarily on a duty-free basis in a bonded warehouse:

- highly-taxed goods or
- goods subject to a quota and
- goods warehoused temporarily because their final use is as yet unknown.

The non-customs-related decrees of the Swiss Confederation as they are referred to are applicable, e.g. the CITES permit must be submitted for goods covered by provisions on protection of species.

D Legal protection

Both on a cantonal and on a federal level, Switzerland provides an extensive system of legal protection. International treaties with various nations guarantee that court verdicts reached in Switzerland are subject to simplified enforcement.

A peculiarity of the Swiss legal protection system is the enforcement procedure used exclusively for money claims (known as the debt collection and bankruptcy procedure), which enables the fast and efficient settlement of claims for money and which is, in principle, creditor-friendly.

E Mobility/infrastructure

The Canton of Zug is well connected by means of a dense network of roads, railways and busses (www.zvb.ch). Since December 2004 the Canton of Zug has had its own modern city railway (www.stadtbahnzug.ch). Zurich Airport (www.flughafen-zuerich.ch) can also be reached in a short space of time. You can obtain information on railway and airline timetables from www.sbb.ch or www.swiss.com.

The Canton of Zug boasts a state-of-the-art telecommunications system. All IP connections and mobile phone coverage are available everywhere. Internet connections are provided via the TV cable (www.datazug.ch). Glass fiber cables have been installed throughout the canton and enable high-speed transmission rates (internet, leased lines).

Aktiengesellschaft	6
Capital stock	7
Governing bodies	7
Participation certificates	7
Branch operation	5
Employment legislation	22
Overview work and residence permits	Annexes
Agreement on the Free Movement of Persons between EU/EFTA member states	13
Work and residence permit EU/EFTA member states	13
Work and residence permit non-EU/EFTA member states	14
Permanent residence permit EU/EFTA member states	14
Permanent residence permit non-EU/EFTA member states	15
Posted employees, cross-border services	Annexes
Corporate taxation	17
Operating companies	17
Investment companies	18
Holding companies	18
Value-added tax	20
Principal companies	20
Stamp duties	Annexes
Tax relief for companies	21
Management companies (domicile companies)	18
Withholding tax	20
Operating companies (see corporate taxation)	
Domicile companies (see corporate taxation)	
Double taxation treaties	17
Company name	8
Mixed companies	18
Management	11
Operating costs	Annexes
Management agreements	7, 11
Consolidated financial statements	12
Accounting	12
Gesellschaft mit beschränkter Haftung	9

Incorporation	10
Registration procedure	10
Incorporation costs	Annexes
Commercial register	10
Time required	10
Holding companies (see corporate taxation)	
Property	16
Purchase by non-Swiss citizens	16
Mobility	25
Obligation to register	13
Permanent residence permit (see work and residence permit)	
Participation certificate (see Aktiengesellschaft)	
Accounting (see management)	
Legal protection	25
Corporate domicile	8
Social insurance law	23
Costs borne by employer	Annexes
Advice	24
International treaties	24
Health insurance	24
Accident insurance	24
Taxes (see corporate taxation)	

VIII. Index of abbreviations

AG	Aktiengesellschaft (joint-stock company, limited by shares)
AHVG	Old Age and Survivors' Insurance Act
AVIG	Unemployment insurance law
BVG	Occupational Retirement law
DTT	Double Taxation Treaty
EFTA	European Free-Trade Association
EO	Defense Duty Compensation Ordinance
EU	European Union
GmbH	Gesellschaft mit beschränkter Haftung (limited liability company)
GWG	Swiss Money Laundering Act
IFZ	Institute for Financial Services, Zug
IVG	Disability Insurance law
Kap.	Capital
SECO	State Secretariat for Economic Affairs
SMEs	Small and Medium-Sized Enterprises
SRO	Self-regulatory organization
VAT	Value-added tax
VQF	Financial Services Standards Association
VSB	Agreement on observance of care in accepting funds
WIPO	World Intellectual Property Organization
ZTV	Fiduciary Association of Zug



Switzerland.

Zug: business connects

Economic Promotion Office Canton Zug

Our services are provided with you in mind as entrepreneur. We are your partner, and we promote Canton Zug as a business location.

We are in close contact with the local enterprises, advise and support companies looking to establish a business in the Canton of Zug and assist start-ups.

Volkswirtschaftsdirektion
Kontaktstelle Wirtschaft
Aabachstrasse 5, Postfach
6301 Zug / Schweiz
T +41 41 728 55 04
F +41 41 728 55 09
economy@zg.ch
www.zg.ch/economy

Checklist incorporation of an Aktiengesellschaft (joint-stock company)

Aktiengesellschaft, new registration (see art. 78 HRegV [Commercial Register Ordinance])

- Registration
- Act of Incorporation
- Articles of Incorporation
- Stampa/Lex-Koller Declaration

Further supporting documents if required

- Declaration of acceptance by members of Board of Directors
- Declaration of acceptance of mandate by auditing firm
- Board of Directors minutes (constituent meeting, signing authority)
- Bank certificate
- Agreement governing contributions in kind/acquisition of assets
- Acquisition balance sheet
- Formation report
- Audit confirmation
- Domicile acceptance declaration
- Lex-Koller clearance
- Signature sheet
- Commercial register excerpt from auditors
- Translations
- Clearance FINMA

Do not have to be submitted:

- Proof of existence for founding companies
- Powers of attorney for founders represented
- Subscription certificates

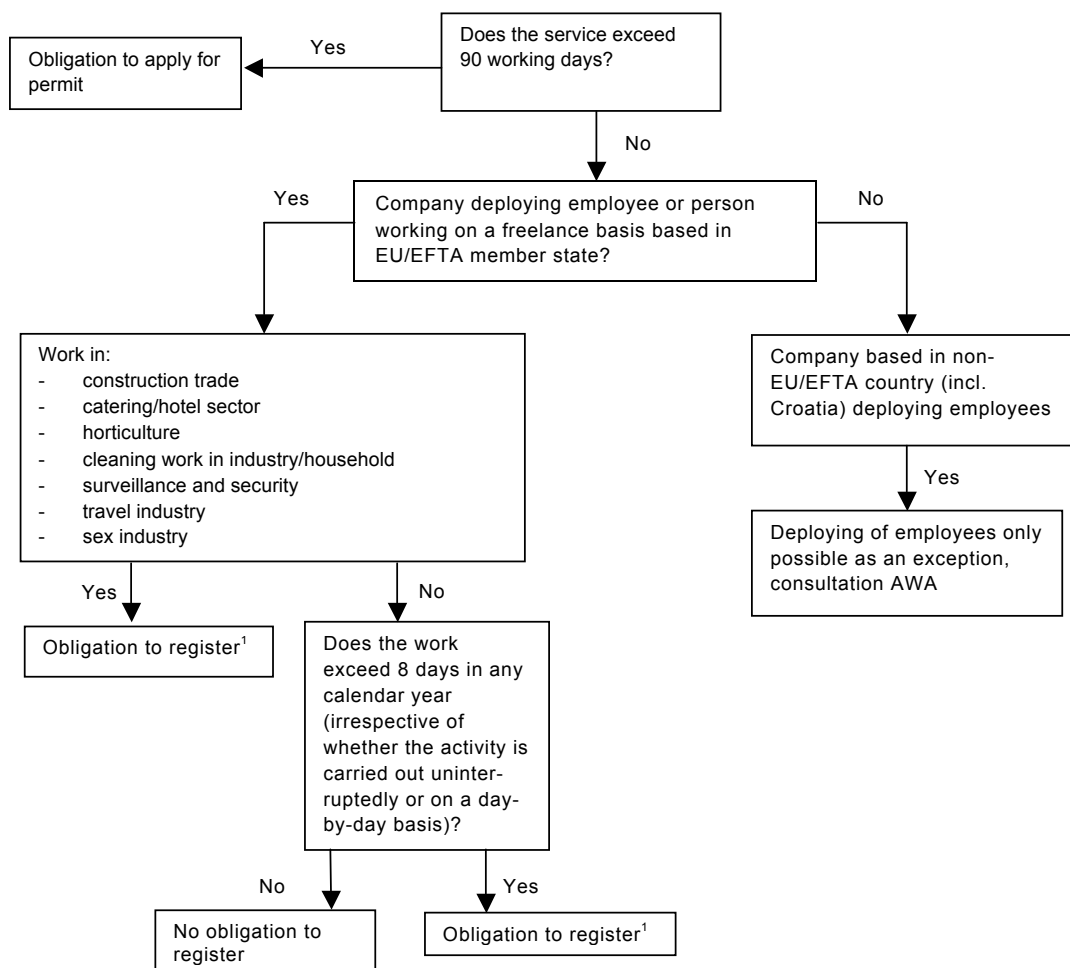
Overview residence and work permits

Permit B	For resident foreign nationals (foreign nationals who stay in Switzerland on a long-term basis with or without gainful employment).
Permit C	For permanent residents (foreign nationals to whom a permanent residence permit is granted after residing for five or ten years in Switzerland).
Permit G	For cross-border commuters (foreign nationals whose place of residence is in an EU/EFTA member state and who are gainfully employed in Switzerland).
Permit L	For work on a short-term basis.

Regime versus EU/EFTA citizens	Regime versus non-EU/EFTA citizens
<p>Short-term residence permit (Permit L-EU/EFTA)</p> <ul style="list-style-type: none"> - entitlement, provided proof is furnished of an employment relationship of three months to one year (for employment relationships less than three months per calendar year: online registration procedure). - family reunification possible - residence permit: 12 months, extendable by 12 months 	<p>Short-term residence permit (Permit L)</p> <ul style="list-style-type: none"> - work permit for key positions (e.g. initial training of new personnel, specialists from international companies) - priority to domestic employees, of economic benefit, specialist's salary - work and residence permit: 12 months, extendable by 12 months - family reunification possible - trainees: 12 – 18 months validity, no family reunification envisaged
<p>Cross-border commuter permit (Permit G-EU/EFTA)</p> <ul style="list-style-type: none"> - geographical mobility without limitations - weekly obligation to return home - freelancing possible - residence permit: validity according to employment contract, in any case no longer than five years, extendable thereafter 	<p>Cross-border permit</p> <p>In the Canton of Zug cross-border commuting from non-EU/EFTA countries is not possible because the Canton of Zug is not one of Switzerland's border regions.</p>
<p>Residence permit (Permit B-EU/EFTA)</p> <ul style="list-style-type: none"> - entitlement, provided employment contract concluded for more than one year or indefinitely can be furnished - residence all year round for a specific purpose with center of life and place of residence in Switzerland - family reunification possible - right to work on a freelance basis - residence permit: 5 years validity, extendable thereafter - possibility of maintaining the permit for 4 years max. 	<p>Residence permit (Permit B)</p> <p>Residence all year round with gainful employment in Switzerland with center of life and place of residence in Switzerland.</p> <ul style="list-style-type: none"> - work permit only for key positions: priority to domestic employees, of economic benefit, specialist salary - work permit: possibility of time-limited and indefinite permits - residence permit: 12 months, annual extension is a mere formality - family reunification possible

Permanent residence permit (Permit C-EU/EFTA)	Permanent residence permit (Permit C)
<ul style="list-style-type: none"> - following a proper and uninterrupted period of residence of 5 years - based on a permanent residency agreement or after furnishing proof of an adequate command of German (Reference level A2 written, B1 oral) 	<ul style="list-style-type: none"> - can usually be applied for after 10 years (5 years for US and Canadian citizens) residency in Switzerland - command of German reference level A2 written and B1 oral is a requirement - the application may be submitted early after just 5 years of uninterrupted residence if the applicant is well integrated - Generally speaking, the holder has the same rights in the labor market as Swiss citizens.

Deployed employees, cross border services



Services in the primary and auxiliary construction sector are deemed to be any activities involving the construction, rehabilitation, maintenance, demolition of or modifications to buildings. This includes: excavation work, actual construction work, the installation and dismantlement of pre-fabricated elements, erection or equipping, alteration work, renovation, repair, dismantling operations, preventive maintenance, maintenance (painting and cleaning work), renovation.

¹ Obligation to register only online: www.bfm.admin.ch/bfm/de/home/themen/fza_schweiz-eu-efta/meldeverfahren.html.

Overview mandatory contributions social insurance

Insurance	Employee	Employer	Person working on freelance basis	Person not gainfully employed
Old age and survivors' insurance (AHV)	4.2% of earned income	4.2% of earned income	max. 7.8%	Minimum amount for AHV, IV and EO: CHF 480/year
Disability insurance (IV)	0.7% of earned income	0.7% of earned income	max. 1.4%	Maximum amount for AHV, IV and EO: CHF 24,000/year
Compensation for loss of earnings (EO)/maternity benefit (MSE)	0.225% of earned income	0.225% of earned income	max. 0.5%	
Occupational accidents	none	in % of insured earnings (differs according to operation/company)	insured through mandatory health insurance	
Non-occupational accidents	in % of insured earnings (differs according to operation/company)		insured through mandatory health insurance	insured through mandatory health insurance
Health insurance	per capita	none (voluntary at most)	per capita	per capita
Unemployment insurance	1.1% for portions of income up to CHF 148,200; 0.5% for portions of income over CHF 148,200	1.1% for portions of income up to CHF 148,200; 0.5% for portions of income over CHF 148,200	(not insurable)	
Occupational pension	max. 50% of the premiums. Amount as set out in insurance provisions	min. 50% of the premiums. Amount as set out in insurance provisions	voluntary	
Family allowances	approx. 1.6% of total salary (varies according to compensation fund)	approx. 1.6% of total salary (varies according to compensation fund)	approx. 1.6% of total salary (varies according to compensation fund)	

Incorporation costs

For the ordinary incorporation of an AG with a share capital of CHF 100,000 the following costs should be assumed (net incorporation costs):

Notarization fee	2% of the share capital (minimum CHF 500)
Registration fee commercial register	approx. CHF 800
Consultancy fee (depends on amount of work involved)	approx. CHF 4000 – 7000
Swiss federal stamp duty (1 %)	only for a share capital of CHF 1,000,000 or greater
Miscellaneous costs (expenses, outlay)	depends on amount of work involved

The incorporation costs for a GmbH are comparable to those for an AG.

Operating costs

The following annual costs should be assumed in relation to the ongoing operating costs of a company (accounting model):

Expenditure	Cost estimate
Personnel costs (incl. social security contributions)	according to personnel
Rental of business premises	per m ² /p.a. between CHF 150 and 450 (average CHF 250)
Board of Directors fees (if external directors are appointed)	min. CHF 2000
Audit (according to time expended)	min. CHF 1000 – CHF 5000
Domiciliation fee (only domicile companies)	approx. CHF 1000
Insurance (optional third-party liability insurance, mandatory accident and health insurance, mandatory occupational insurance (pension) etc.)	depends on the level of cover required and the workforce
Other costs (postal, telecommunications, water, electricity, disbursements and expenses)	

Financing

The banks are available as financing partners. Information on further financing options – in particular with regard to risk capital – can be obtained by visiting www.seca.ch.

Checklist incorporation of a GmbH (limited liability company)

GmbH, new registration

- Registration
- Act of Incorporation
- Articles of Incorporation
- Stampa/Lex-Koller Declaration
- Proof of existence for shareholders based outside the canton
(only trading companies and legal entities)

Further supporting documents if required

- Confirmation of payment
- Agreement governing contributions in kind/acquisition of assets
- Acquisition balance sheet or inventory list
- Domicile acceptance declaration
- Lex-Koller clearance
- Signature sheet
- Translations
- Declaration of acceptance by managers
- Declaration of acceptance from statutory auditors
- Waiver regarding audit (pursuant to art. 83 together with art. 62, paragraphs 1 - 3 HregV [Commercial Register Ordinance])
- Minutes re chairmanship of management board
- Minutes re appointment of authorized signatories and type of signatory rights
- Formation report (only for AGs)
- Audit confirmation (only for AGs)
- Clearance FINMA

Do not have to be submitted:

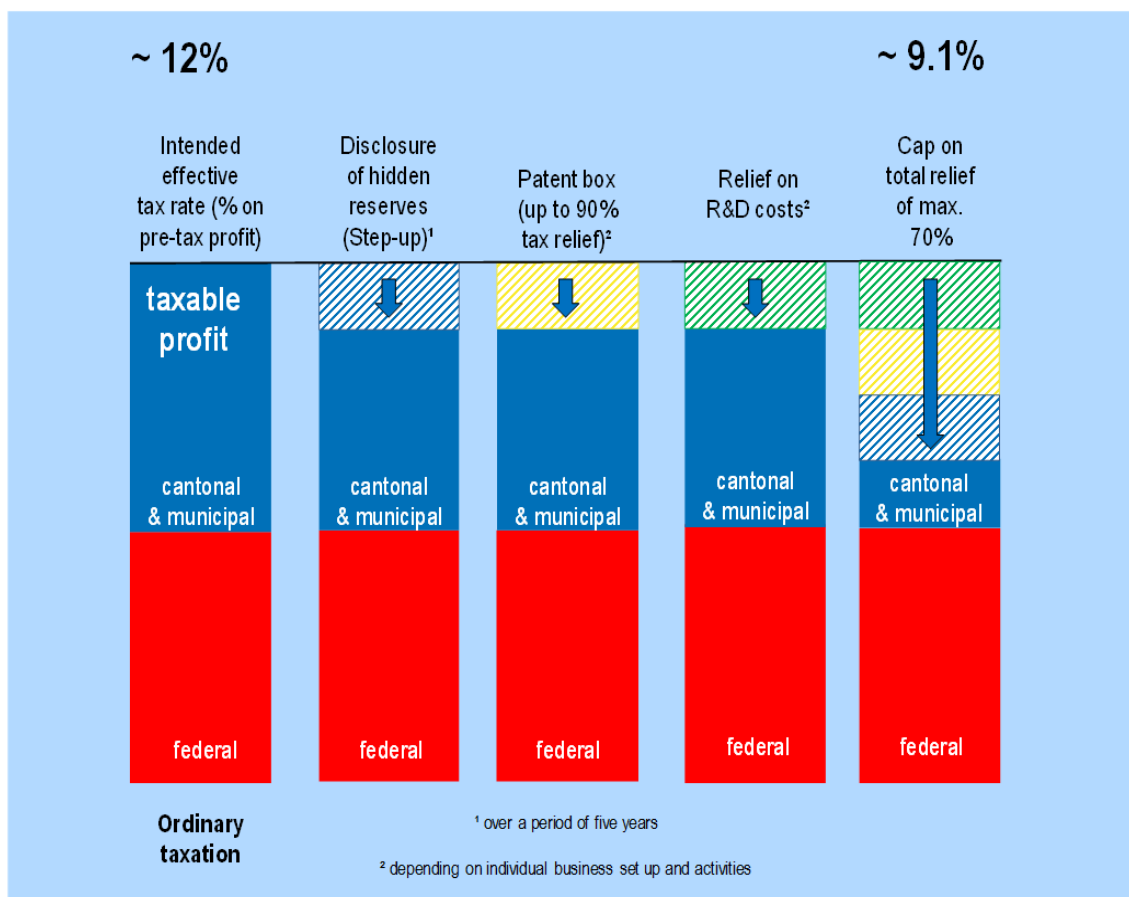
- Powers of attorney for founders represented
- Subscription certificates

Corporate Tax Reform (as of January 2020)

Starting point for the tax reform is the abolition of the system at the cantonal level for status companies such as holdings, mixed companies, domicile and principal companies. As a replacement, other international accepted measures will be introduced starting January 1, 2020. With a patent box, profits from patents are taxed at a reduced rate. Furthermore, the cantons can grant additional tax deductions for R&D. In international comparison, both measures allow a lower taxation for certain business activities.

In addition, a set of measures should strengthen the tax law's system. This includes comprehensive regulations for the disclosure of hidden reserves, extension of the flat-rate tax credit for Swiss permanent establishments of foreign companies as well as adjustments to the capital tax.

Swiss voters adopted the STAF bill on May 19, 2019. The implementation in the Canton of Zug intends lowering the ordinary tax rate from the previous 14.6% to around 12% (including federal tax). The capital tax should amount to 0.074%. In addition, a patent box should be introduced with a cantonal tax relief of 90% and R&D should be supported with a 150% cantonal deduction. The maximum tax relief on net profit is 70%.



Source: Kantonale Steuerverwaltung Zug