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How can foreign companies reclaim Swiss VAT?

Dear Sir or Madam,

With this newsletter we would like to inform you how foreign companies can reclaim input tax incurred for business activities undertaken in Switzerland.

Can each foreign company reclaim input tax incurred in Switzerland?

There are certain prerequisites for the input tax refund procedure. You may not be required to VAT registration in Switzerland, and you may not have registered voluntarily either. However, should you actually have a VAT registration in Switzerland, then you will not need this procedure, as you can then deduct input tax in your usual quarterly filings.

Additionally, you are only allowed to render services in Switzerland which will not lead to a tax liability. This is the case, for instance, if you have only been acting as a consultant for Swiss clients and all your services rendered are subject to the reverse charge system. This is equally the case if you are only exporting goods to Switzerland that have been manufactured abroad, and for instance you were then liable to input tax due to your presence at a trade fair in Switzerland. To have your application granted, you need to explain in exact details under what circumstances your expenditures came about.

Finally there is also the restriction that the country where you are domiciled has a value-added tax similar to the one in Switzerland and grants reciprocal rights to Swiss companies. However, that applies to almost all European countries.

Which formalities must be respected?

- You require a fiscal representative in Switzerland who serves as your sole point of contact for the tax administration. artax Fide Consult AG would be honoured to take over this function for you.
- Input tax needs to be at least CHF 500 per calendar year.
- You need confirmation of your entrepreneurial status, i.e. an attestation by a foreign tax administration that you are subject to VAT in the country in which you are domiciled. An entry in a commercial register is insufficient.
- You need to hand over the originals of all your invoices showing input tax. Scans or photocopies do not entitle you to an input tax claim; and in this procedure each document is checked separately.

- Each application needs to be filed with all required attachments within six months of the end of the calendar year, i.e. before 30 June, otherwise your claim expires. Should you require our services, we would like to ask you to get in touch with us as early as possible.

The input tax refund procedure is rather cumbersome and long-winded. Should you regularly incur input tax, and high amounts as well, it could potentially be worth getting a Swiss VAT registration and invoice normally. Whether this is possible in your instance depends on your exact business activity.

Should you require any support when it comes to reclaim Swiss input tax or generally anything regarding VAT, then we will be happy to offer you our services.

Kind regards

artax Fide Consult AG

Member of Morison KSi

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