

2017
Anniversary edition

Working in Switzerland

Information • Consultation • Service

Information brochure

for

cross-border commuters and
resident foreign nationals



Compiled for you by:

Tobias Tobisch

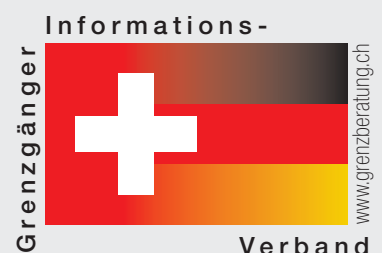
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Dear Reader,

Are you interested in working in Switzerland? Perhaps you're in the process of attending interviews or have already signed an employment contract? Or are you a company looking for the best way to support future employees with important decisions? We have answers to all the questions raised by German employees working in Switzerland.

Competent advice

We will provide you with comprehensive information on Swiss social insurance schemes and advise you on all important topics related to earning a living in this neighbouring country. From determining your net salary, the taxes you have to pay and whether registering as a cross-border commuter or resident foreign national is more beneficial to you, to establishing which Swiss bank will save you the most money, which forms you require and much more, we are here to help.

Furthermore, we work in cooperation with numerous insurance companies to establish the health insurance scheme best suited to your needs and advise you on which coverage you require, taking into consideration your entitlement to pension schemes, accident insurance and occupational disability insurance in Switzerland. All this is determined taking into account any provisions and entitlements you may already have – which is no easy feat!

Outstanding service

Good decisions take time. We only show you the options are suited to you once we have an exact idea of your requirements, wishes and aims. This is why we take the time to compile comprehensive advice tailored to each individual. In addition to our Freiburg office, customers can visit us at our Swiss branches located in Kreuzlingen on Lake Constance and Grenzach in the Basel region, making us easy to reach in both Germany and Switzerland.

Solutions for every scenario

As a partner of both German and Swiss insurance companies, we are able to offer cross-border commuters and resident foreign nationals a wide range of solutions, including:

- legal expenses insurance for cross-border commuters that is also valid in the eyes of Swiss social courts
- company retirement provisions that may also reduce taxes for cross-border commuters in Germany
- health insurance models providing the option of treatment in either Germany or Switzerland
- occupational disability insurance valid worldwide

Over 20 years of experience

Our 20 years of consultancy experience have equipped us in-depth knowledge of working in Switzerland, enabling us to correctly answer any special or detailed questions you may have. Thanks to our network of tax advisors, lawyers, and company and employer associations, we always have access to the latest information and a wide range of contacts. We can arrange a one-on-one meeting to find the best solution for you. Just get in touch! We're here to make your move to Switzerland easier. And, should you wish to work in Germany again, we'll be on hand to ease your transition back.

We look forward to hearing from you,



(Tobias Tobisch, Managing Director of Grenzgänger Informations GmbH)

1. Working in Switzerland – general information

On June 1, 2002, the Agreement on the Free Movement of Persons between Switzerland and the European Union came into force. The bilateral agreement on the free movement of persons regulates entry and residence conditions for all nationals of the (old) EU Member States, as well as their gainful employment in Switzerland, and for Swiss nationals in the EU. The agreement provides for several steps, which are described in more detail in chapter 1.6.2.

There are several kinds of work permits (for EU/EFTA citizens):

- Short-term residence permit (permit L)
- Permit for resident foreign nationals (permit B)
- Permit for settled foreign nationals (permit C)
- Cross-border commuters permit (permit G)

For a detailed description please read below, or visit the website of Grenzgänger Informations GmbH at: www.grenzberatung.de or the website of Grenzgänger-Informations-Verband at www.grenzberatung.ch.

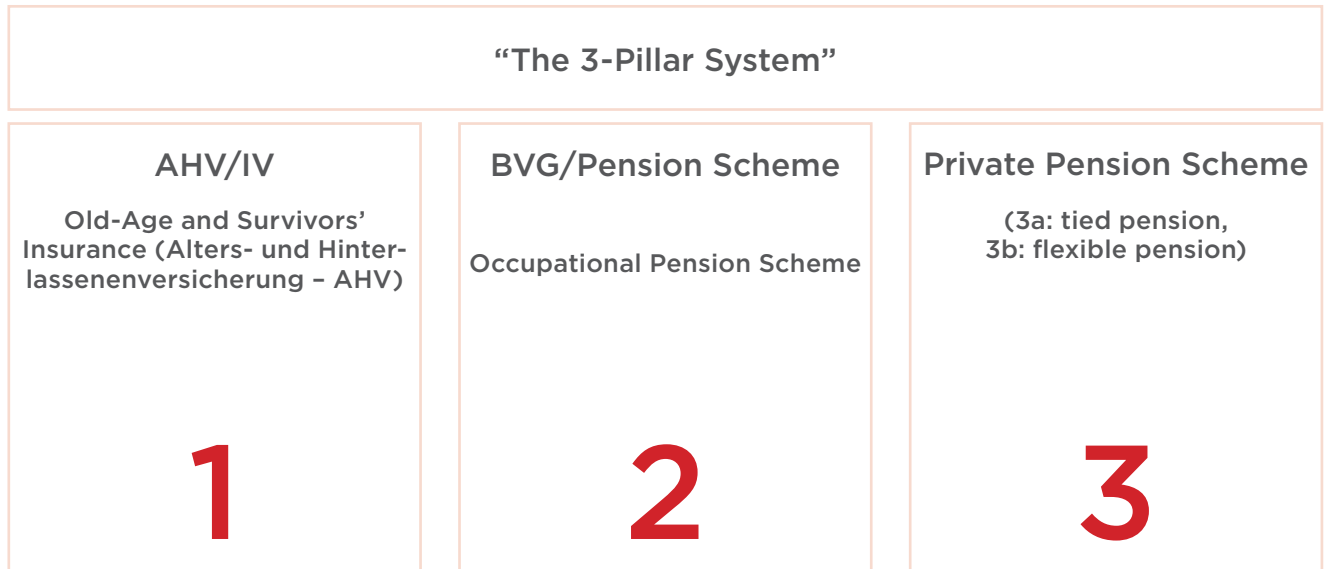
For more information on the bilateral agreement please see page 14

1.1. The Swiss social insurance system

Switzerland has a comprehensive social insurance system to protect the people living and working in the country, as well as their families, from risks which may incur unmanageable financial consequences.

1.1.1. Retirement provisions/financial provisions

The Swiss pension system for retirement provisions is based on three pillars:



As a matter of principle, in old age, the benefits

- of Pillar 1 should cover subsistence
- of Pillar 2 should allow people to adequately maintain their accustomed standard of living
- of Pillar 3 should supplement Pillars 1 and 2 in a useful way
for resident foreign nationals: see page 15

Pillar 1 – Old-Age and Survivors' Insurance (AHV)

Anyone resident in Switzerland or Germany who is gainfully employed in Switzerland is compulsorily insured under AHV (Old-Age and Survivors' Insurance) and IV (Disability Insurance) and is obliged to pay insurance contributions.

The AHV/IV is intended to cover subsistence – or at least part of it – in old age, in case of disability or in the event of a provider's death. The combined contribution rate in 2017 is 10.25%. Half of the contribution is paid by the employer, the other half by the employee.

Everyone in gainful employment starts making obligatory contributions from 1st January following their 17th birthday. Example: A person in gainful employment who turns 17 on 15th August 2016 is obliged to pay contributions as of 1st January 2017.

The employee's share of the contribution is directly deducted by the employer from each wage payment and transferred to the compensation office together with the employer's share of the contribution. Anyone paying con-

tributions or receiving benefits receives a grey insurance card showing an 11-digit insurance membership number. The insurance number indicates the relevant compensation office for the insured person. Account statements can either be requested directly from the compensation office in charge, or all account statements can be requested from any compensation office. 1st July 2007 saw the gradual introduction begin of a new, anonymised 13-digit AHV number, which will not allow to obtain any information about the person. The grey card is being replaced by a simplified pass which only shows the full name and date of birth of the insured person. The pension payment will be calculated on the basis of the annual income from which the insured party pays AHV contributions.

For information please contact the AHV compensation offices or one of their branch offices.

Pension claims starting in January 2017 will be calculated as follows (CHF per month):

Pension	min./max. (CHF/month)
Retirement pension	1.175/2.350
Maximum amount for combined pensions of a married couple	3.525
Widow's/widower's pension	940/1.880
Additional pension for wives born in, or before, 1941 or for spouses receiving an additional IV pension	353/705
Orphan/children's pension	470/940
Maximum combined amount when claiming two children's pensions or one children's pension and one orphan's pension for the same child	1.410

As a general rule, pensions are adapted to wage and price developments every two years.

The pensions in Pillar 1 are generally **taxable**, however this only applies for certain tax brackets and after deduction of tax allowances.

The statutory retirement age is 65 years for men and 64 years for women. Women may also start drawing their pension at 62 years of age, however this will lead to a pension cut. The cut is 3.4% for one year up to and including 2016, and 6.8% for two years.

■ AHV benefits

■ Retirement pension

Old-age and survivors' pension payments and auxiliary compensation payments account for the lion's share of AHV benefits. The AHV also provides the following benefits:

- contributions to aids (e.g. hearing aids, magnifying glasses, spectacles)
- welfare benefits for Swiss nationals living abroad
- contributions to Spitex and other welfare pension institutions (Pro Senectute, Swiss Red Cross etc.)

Pensions are adapted to wage and price levels. This adaptation is based on what is referred to as a mixed index (average of the consumer price index and wage index published by the State Secretariat for Economic Affairs, SECO)



■ Occupational disability pension/disability pension

Disability pension benefits can be granted to insured persons with disabilities, or persons at direct risk of disability, under one of the following two categories:

■ Integration measures

For the significant, lasting improvement of gainful employment for persons with disabilities, e.g. medical measures, domestic help, professional measures, educational measures, aids, care benefits for minors.

■ Financial benefits

As pension payments and helplessness allowances in those cases where integration is not possible, or only partly possible, as well as daily allowances as compensation for loss of earnings during integration measures

■ Supplementary benefits

Those drawing disability pensions have a right to supplementary benefits. In such cases where the disability insurance pays out financial benefits, the recipient has the legal right to supplementary benefits in order to secure a minimum income. Supplementary benefits consist of cash payments to make up the difference between the actual income and a certain income threshold.

How is the degree of disability determined?

This is determined as a percentage based on the loss of income. The IV makes a distinction between those in gainful employment, those who are not in gainful employment and those who are partly in gainful employment.

How is the IV pension payment calculated?

It is based on the length of the insurance term and income. There is a minimum and a maximum pension, however. This varies depending on whether a person has the right to a quarter pension or a whole pension.

■ Widows' and survivors' pension

If the recipient of an IV pension dies, the widow and any children under the age of 18 are entitled to receive a survivors' pension. Under this provision, for children still in education or training, the age limit has been raised to 25 years.

Payments are coordinated to avoid over-compensation if other social insurance institutions also make payments.

Pillar 2 – Occupational pension scheme (BVG/Pensionskasse [pension insurance])

Employees over 17 years of age (for risks of death and disability) and employees over 24 years of age (retirement provisions) who earn a statutory minimum income are covered by the occupational pension scheme.

Contributions are obligatory for anyone earning between CHF 21,150 per year and CHF 84,600 per year. A distinction must be made between contributions for risk covering death and disability, and for retirement benefits. Depending on the pension

The degree of disability determines the pension payments that a person with disabilities will receive:

Degree of disability as a %	Pension
40-50	Quarter pension
50-60	Half pension
60-70	Three-quarters pension
70 or more	Whole pension

From what age can a person claim an IV pension?

Insured persons are entitled to receive IV pension payments from 18 years of age.

When pension payments begin depends on whether they suffer from a long-term illness or permanent disability. In the case of a long-term illness, IV pension can be claimed after a minimum one-year waiting period.

During that year, a person's inability to work must be at least 40% on average, and after this period has expired the extent of their inability to earn must be the same or higher. Claims in the case of permanent disability (if a person's health is neither expected to worsen nor to improve) start as soon as health is stable and the degree of disability is at least 40%.

When does the right to claim an IV pension end?

The right to claim an IV pension ceases either when the preconditions are no longer met or, at the latest, when the IV pensioner has reached AHV age, or is eligible for a retirement pension.

insurance provider, contributions amount to between 3.3% and 7.5% for risk cover, and between 7% and 18% for retirement benefits; the contribution amounts are staggered according to age groups, with the minimum being CHF 3,525 per year. The employer is obliged to pay at least half the contributions.

Pillar 2 is based on the funding principle, which means that contributions are saved in a dedicated account in the employee's name and receive statu-

tory minimum interest of 1.25% (2017). The government does not make additional payments.

After 65 years of age (men) or 64 years of age (women), a retirement pension currently amounting to 7.2% of the accumulated vested retirement assets, including interest, is paid out per year. Individuals may apply for vested retirement assets to be paid out instead of pension payments any time from three years before the pension age is reached.

■ Benefits from BGV/pension insurance

■ Disability pension/occupational disability pension

Through the BVG, the pension insurance also covers the risk of disability. In the event of disability caused by accident or illness, the pension insurance provider is obliged to make disability pension payments as well as payments to the children of persons with disabilities. Anyone whose disability extends to 40% or more is entitled to claim disability benefits. Disability benefits continue to be paid out after the person has reached retirement age: if the extent of a disability is

Payments under the BVG/pension insurance complement the benefits under AHV/IV in old age, in the case of disability or in the event of a provider's death. The BVG amendment has introduced an entry threshold of CHF 21,150 per year, which differs from the coordination deduction. Employees earning an annual wage which is subject to obligatory AHV contributions have mandatory insurance cover under Pillar 2.

50 - 66% = 1/2 pension, over 66% = full pension. Start of pension entitlement: The pension insurance and IV providers start paying out disability pensions at the same time, which is after 360 days.

Insured parties are generally entitled to continue receiving wage payments from their employer, or daily allowances from their accident insurance company, when pension payments begin.

■ Survivors' benefits

If an insured person dies, the survivors, i.e. the wife and children, have a claim to survivors' benefits.

If the deceased was already receiving a retirement pension at the time of his or her death, the widow shall be entitled to a widow's pension amounting to 60% of the retirement pension; orphans are entitled to 20% each. If the deceased was still in gainful employment, the expected retirement pension is calculated, of which the widow may claim 60%, and orphans 20% each.

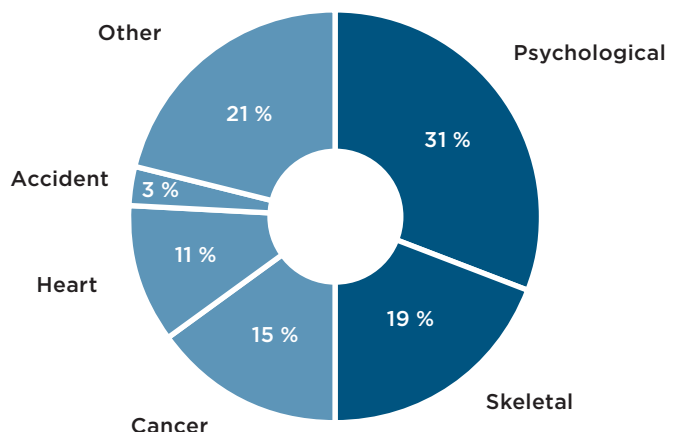
The statutory preconditions for claiming a widow's pension is that the widow has to financially support children, or that she is over 45 years of age and has been married for at least five years. If these preconditions are not met, the wife is entitled to a lump-sum payment equal to three annual pensions. The right to claim a widow's pension also applies if the widow is of retirement age, or if the deceased husband received a disability pension.

■ Occupational disability pension from AHV and PK combined

In the event that you need to claim it, the combined occupational disability pension from AHV and PK may not cover the living standard you are used to. Should you become unable to practice your profession due to illness, if approved you will receive an IV pension from the AHV and from your pension insurance provider. As we only have limited control over whether or not we become unable to work, occupational disability is an important topic for everyone. Making provisions is important, because one in 5 employees and one in 3 workers become unable to work or earn in the course of their working lives. The one thing you can control is how far you fall both financially and socially.

The risk of occupational disability is often underestimated. There are some jobs where the risk is obvious to everyone, particularly physical jobs such as those of a fireman, roofer or builder. However, the most frequent cause of occupational disability is mental illness, a risk which is just as real for all other jobs

Causes of occupational disability



Please ask us about what your entitlements would be in the event of occupational disability based on your personal situation and taking into consideration the IV pension from Switzerland.

■ Private retirement provisions

Once you reach retirement age, both German and Swiss insurers will check your entitlements. If you fulfil the requirements, you will receive two pensions, with each of the providers carrying out a separate check on the length of the insurance term and the extent of contributions that were made. We will be happy to check

what your entitlements will be once you reach retirement age and will prepare a non-binding forecast for you.

We would also be pleased to provide you with customised advice on request.

■ Special characteristics of the BVG/pension insurance

■ Portable benefits

The portable benefit rule ensures that, once employment ends, the provisions under BVG pension legislation continue to apply. Persons changing employers within Switzerland may transfer their pension insurance credit.

When terminating employment in Switzerland, German cross-border commuters/resident foreign nationals have three options:

- cash pay-out of portable benefits upon their return to Germany. This option ceased to exist on 1st June 2007. Since then the option of a cash pay-out only has only existed under certain preconditions. Please contact us if you would like any further details.
- transfer to a new pension insurance provider (for persons changing employers within Switzerland)
- leaving credit in Switzerland until retirement age is reached, and subsequent pay-out of retirement pension

Please enquire about which option suits you best. We will be happy to help.



■ Application of the German Retirement Income Act to pensions from abroad.

According to a letter from the Karlsruhe Regional Finance Office (Oberfinanzdirektion) dated 19th September 2005 and an article published in the Badische Zeitung newspaper on 28th September 2005, 50% of pension income from both foreign and German pensions was to be taxed at the individual's personal tax rate as of 1st January 2005. This provision is based on the new Retirement Income Act (AltEinkG).

For retired cross-border commuters, this concerns payments falling under Pillar 1 and Pillar 2 of Swiss retirement provisions. The taxable share of 50% in 2005 is being gradually increased to 100% by 2040. In 2017, the share is at 74%. At the same time, contributions made by those in gainful employment can be offset against tax to a greater extent than was previously the case.

To date, one-off payments from Swiss pension insurance providers have been treated like payments from a capital sum life insurance policy, where pay-outs were tax-free if contributions had been made for more than twelve years. If contributions had been made for less than twelve years, tax only had to be

paid on the interest. This does not apply to payments made after 31st December 2004.

In 2005, 50% of portable benefits were subject to income tax. The share of taxable income is being increased annually such that 100% of portable benefit will be taxable in 2040. The wording of the law has changed in this respect – however, this does not give rise to legitimate expectations.

This means:

If a former cross-border commuter received payments from AHV or a Swiss pension insurance scheme in 2005, 50% of any payments made after 31st December 2004 were taxable at his/her personal tax rate. This applied to advance payments as well as to the capitalised contribution at the time a person reaches retirement age. This was based on the amendment to Section 22 Income Tax Act (EStG), which provides for life annuities and “other benefits” – i.e. also one-off payments – to be taxable as of 2005 (see Badische Zeitung newspaper dated 28th September 2005).

Pillar 3 – Private pension scheme

The Swiss social insurance system provides for the option of a private pension scheme for resident foreign nationals. For more information please refer to page 15 in the chapter on resident foreign nationals

Resident foreign nationals: more details on page 15

1.1.2. Accident insurance

All employees working in Switzerland have mandatory accident insurance. Unemployed persons also have mandatory accident insurance. Persons not in gainful employment are not insured. These include: housewives, househusbands, children, students, pensioners. In most cases, the insurance is underwritten by the Schweizerische Unfallversicherungsanstalt, SUVA (Swiss National Accident Insurance Fund).

Contributions are paid by the employer. Non-occupational accidents (NBUV) are generally also covered by the insurance, with contributions for this payable by the employee. Some employers voluntarily pay for this employee contribution. The employer deducts the employee's share from their salary (see table below). Accident insurance covers the risks of occupational accidents, non-occupational accidents and occupational disease.

Accident insurance benefits include:

- Benefits in kind (care services and cost reimbursements)
- Financial benefits (daily allowance, disability pension, impairment compensation, helplessness allowance, survivors' pension)

Non-occupational accidents

These cover all accidents that are not considered to be occupational accidents. These include, in particular, accidents on the way to and from work, or during leisure activities, such as sporting accidents, traffic accidents or accidents in the home.

1.1.3. Overview of social contributions with employee participation

The following overview lists the different types of social contributions and the respective share paid by employees.

Type of contribution	Calculation basis	Employee contribution
Old-age and survivors' insurance (AHV)	Monthly wage + other wage-related payments (e.g. shift bonus, other bonuses etc.)	5,125 %
Employee pension insurance as per BVG (pension insurance)	Insured annual wage obligatory contribution from CHF 21,150 to max. CHF 84,600 per year Contribution depends on age	3,50 % 5,00 % 7,50 % 9,00 %
Occupational accident insurance (e.g. SUVA)		employer only
Non-occupational accident insurance (NBUV)	Monthly wage + other wage-related payments (see above) up to max. salary of CHF 126,000 per annum	1,086% - 3,15 % (depending on profession)
Unemployment insurance (ALV)	Monthly salary + other wage-related payments (see above) salary up to CHF 148,200 per annum salary over CHF 148,201 per annum	1,1 % 0,5 %

1.1.4. Daily sickness allowance insurance/continued wage payment in case of illness

Swiss law does not oblige employers to continue making wage payments for six weeks in the event of illness, as is the case in Germany. Instead, the following rule applies:

Unless otherwise agreed, during the first three months of employment, the employee is not entitled to continued wage payment in case of illness. Unlike the German provision, where the employer is obliged to continue wage payments for six weeks and subsequently the health insurance will pay a daily allowance, in Switzerland employers pay wages as follows for the duration of an illness:

Length of employment	Duration
In the first year of employment (from 4th month of employment)	minimum 3 weeks
In the 2nd year of employment	minimum 4 weeks
In the 3rd year of employment	9 weeks
from the 4th year of employment to over 25 years	further extension up to 31 weeks

In addition to this statutory obligation to continue wage payments, further provisions also exist under some employment contracts and company-wide collective agreements.

In most cases, the wage loss due to illness is insured by your employer through a daily sickness benefits insurance policy. This means that the employer signs a contract as part of a special collective contract with a Swiss health insurance company. The continued wage payment is then usually 80 - 100% of your salary, for up to two years of you being unable to work. The contribution for employees is generally 1% of their gross income. Such contributions are sometimes paid by the employer. You should always clarify this with your employer, or check your employment contract to establish whether such a rule applies to you. If it does not, we recommend taking out private daily sickness benefits insurance in Germany to secure the risk of financial loss in the case of illness.

We will be happy to provide further information on request.

1.1.5. Maternity insurance

All employed and self-employed women have the right to claim maternity benefits. This also applies to women to work in their husband's company for a cash wage.

The maximum annual wage that can be insured for maternity benefits is CHF 7,350 (CHF 196.00 per day). The maternity benefit is paid out as a daily allowance for 14 weeks following the birth. It amounts to 80% of the average income obtained before the birth (maximum of CHF 196.00 per day).

There is currently no particular provision under Swiss law concerning adoption leave, with some exceptions made by the canton of Geneva, a few cantonal and local provisions and certain collective wage agreements. Please ask your employer or your trade union for more details.



Further information is available from the Federal Social Insurance Office at www.bsv.admin.ch.

1.1.6. Family allowance

The Swiss Federal Law on Family Allowance (FamZG) came into force on 1st January 2009.

The purpose of family allowance is to partially balance out the costs which are incurred by parents in having to provide for their children. These include child and education allowance, as well as birth and adoption allowance in some cantons.

According to the new Law on Family Allowance, all employees, those who are not in gainful employment with a modest income, and – depending on the canton – also the self-employed may claim:

- **Child allowance:** The amount of child allowance varies from canton to canton. The average child allowance is CHF 200 per month per child, from the month of the birth until their 16th birthday. Children who are unable to work due to illness or disability receive child allowance until their 20th birthday.
- **Education allowance:** The amount of education allowance varies from canton to canton. The average education allowance is CHF 250 per month per child, from the month of their 16th birthday until the end of their training, but no later than the month of their 25th birthday.

None of the cantons that pay higher allowances have reduced these to the new Federal minimum allowance.

Since 2013, the self-employed have had the right to claim family allowance, as have those not in gainful employment with a modest income.

Persons in gainful employment are entitled to receive allowances in the country in which they are in gainful employment, even if their children or they, themselves, live in a different country (e.g. cross-border commuters, persons with residence permits or settled foreign nationals). Part-time employment, IV daily allowances, unemployment benefit and paid leave are treated equally to gainful employment.

There is a special provision for persons working in the agricultural sector.

Further information is available from the Federal Social Insurance Office at www.bsv.admin.ch.



1.2. Tax in Switzerland

1.2.1. Double unlimited tax liability¹

Unlimited tax liability...

Unlimited tax liability means that taxpayers have to pay tax on their entire income in a particular country.

... in Switzerland

Taxpayers who move their residence to Switzerland become subject to unlimited tax liability in Switzerland.

... in Germany

Anyone with a residence in Germany, or anyone with habitual residence in Germany for six or more months of the calendar year, is subject to unlimited tax liability in Germany.

Avoiding double taxation

The Double Taxation Convention between Germany and Switzerland was agreed in order to prevent double taxation by determining either the point of reference that has prevailed (assignment of tax liability), or that the person is liable to pay tax in both countries, but that credit will be given in one country for tax paid in the other.

Under the Double Taxation Convention, Switzerland is used as the point of reference for persons moving to Switzerland, as this is where the centre of that person's life is assumed to be. Switzerland would therefore have the right of taxation. However...

No relief for points of reference in Germany

In order to prevent people from emigrating for tax reasons, Germany has reserved the unlimited right of taxation if one of the points of reference below applies. This means that Swiss tax is credited and that the worldwide income of the taxpayer is taxed according to the German tax brackets.

Points of reference:

- a) permanent residence
The German Federal Fiscal Court (BFH, 16th December 1998, IStR International Tax Law Review 1999, 212 et seq.) assumes a residence to be permanent if a taxpayer has the option of using the premises lawfully as a residence for a prolonged period, and in fact regularly does so.
- b) habitual residence
Irrespective of the place of residence, habitual residence constitutes a point of reference. Habitual residence is assumed in those cases where a taxpayer spends a total of more than 183 days per year in Germany.

If these points of reference are avoided, under the Double Taxation Convention, Germany only has the right of taxation for income from German sources once the taxpayer has moved away.

**Resident foreign nationals:
more details on page 18**

1.3. Working conditions

Working hours

Working hours in Switzerland are considerably longer than they are in other European countries. The maximum working hours per week for employees in industrial companies is 40 hours, for all other employees it is generally 42 hours, with a maximum of 45 working hours per week. Absenteeism due to illness or other reasons is low. Strikes practically never occur. The statutory minimum annual leave for employees is 20 working days per working year, or 25 days for employees under the age of 20, or over the age of 50.

Public holidays

The comparably high number of annual working hours in Switzerland is partly due to the fact that there is a relatively low number of public holidays. There are some regional differences due to local customs.

Remuneration

Wages are negotiated individually between employee and employer. The legislator has intentionally left some scope for direct agreements between the social partners.

Termination periods

Unless otherwise agreed, the termination period is one month during the first year of employment, two months during the second to ninth year of employment, and three months from the tenth year of employment on.

Access to the labour market for Non-EU/EFTA citizens

The Federal Office for Migration (BFM) determines the preconditions for entering Switzerland to live and work – and decides who is to receive protection from persecution. The office also coordinates the integration work of the Confederation, the cantons and the municipalities, and is responsible for naturalisation at Confederation level.

For more information please go to
www.bfm.admin.ch

Income

Wages and salaries constitute the main source of income for a household, with other sources of income consisting of transfers (pensions), assets and rent. The main items which will burden your budget are rent, insurance, tax and food bills.

Wages

Switzerland is leading in terms of wages. According to the latest statistics, the average income in Switzerland is EUR 47,000, the highest in Europe. Compared with Frankfurt or Berlin, the gross wage level in the Swiss cities of Basle, Geneva and, particularly, Zurich, is 25% higher on average. Wages are subject to considerable variations between industries. In the chemical industry, the insurance industry and the finance industry, the average monthly wage is around EUR 5,000. By comparison, the average wage in retail and in the hospitality industry is between EUR 2,500 and EUR 2,800.

For more information please go to
www.lohnrechner.bfs.admin.ch
www.lohncomputer.ch/de/loehne.html
www.bfs.admin.ch

1.4. Wage payments

Usually, employers pay wages by bank transfer to a Swiss bank account. We will be happy to assist you with choosing a Swiss bank. Please see page 25 for a comparison of the conditions offered by a selection of banks.

1.5. Purchasing real estate

Real estate which serves the purpose of gainful employment

Cross-border commuters have the same rights as Swiss nationals. They are entitled to purchase a second home in a region near their place of work.

Holiday apartments, capital investments, trading with apartments/undeveloped land

Cross-border commuters must obtain a permit.

1.6. Bilateral Agreement

1.6.1. General

Agreement on the Free Movement of Persons between Switzerland and the European Union

On 1st June 2002, the Agreement on the Free Movement of Persons between Switzerland and the European Union came into force at the same time as the six other sectoral agreements (Bilateral Agreements I). The Agreement on the Free Movement of Persons regulates entry and residence conditions for all nationals of EU Member States in Switzerland, and for Swiss nationals in the EU. The free movement of persons is being introduced gradually.

Access to the labour market remains limited for a transitional period of five years. However, these limitations of access to the labour market will be gradually removed. Switzerland also has the option, within five to twelve years of the Agreement on the Free Movement of Persons coming into force, of reintroducing maximum numbers if the number of immigrants from the EU turns out to be unexpectedly high. Once they have been admitted, EU citizens in Switzerland and Swiss nationals in the EU enjoy the same living and working conditions as nationals of the country in question (principle of non-discrimination on grounds of nationality).

Employees and the self-employed have the right to enter, reside and carry out gainful employment or self-employment in Switzerland – subject to the provisions which apply during the transitional period. They also have the following rights: free choice of place of residence and work, freedom to change profession or workplace, and the right to family reunification. In future, EU citizens with a short-term residence permit will no longer have to leave Switzerland once their permit runs out, but may look for a new position without interrupting their stay.

Those not in gainful employment, such as pensioners and students, have a right of entry and residence immediately upon entry into force of the Agreement on the Free Movement of Persons – i.e. there is no transitional period for them – provided they have accident and health insurance, and have sufficient financial means.

EU citizens already resident in Switzerland have a right to extend or renew their permit. They may directly refer to all rights under the Agreement. The current Swiss foreign resident permits will not be exchanged immediately, but when they are due for extension or renewal.

1.6.2. The Agreement provides for the following phases:

From 1st June 2007:

The quotas for EU citizens in Switzerland are removed, i.e. as soon as an EU citizen has an employment contract in Switzerland, he/she will automatically be granted a residence permit – and thus the right to work in Switzerland. However, the free movement of persons is introduced “on a trial basis”. In the event of a considerable increase in immigration from EU workers (more than 10% of the average of the previous three years), Switzerland may unilaterally reintroduce quotas, each for a period of one year, up to the twelfth year after the Agreement has entered into force (protection clause).

As of 1st June 2006, when cross-border commuters terminate their employment in Switzerland and return to Germany, they no longer have the option to have their portable benefits (BVG, pension insurance) paid out before reaching retirement age. Since then the option of a cash pay-out only has only existed under certain preconditions.

From 1st June 2009:

The Agreement between Switzerland and the EU was initially signed for a period of seven years. After that, both sides will have the opportunity to express their views on continuation of the Agreement. The Swiss Federal Council and the Parliament will then decide on continuation based on the experience gained. The decision may become subject to a referendum. If a referendum does take place, the Swiss people will also need to approve the continuation of the Agreement. If, after seven years, neither the Swiss nor the EU votes against the Agreement, the Agreement will remain in force indefinitely.

From 1st June 2014:

Provided that the agreement is extended after the seven-year period has ended, EU and Swiss citizens will be granted full freedom of movement between EU states and Switzerland after 12 years. However, if one of the contracting states encounters serious financial or social problems, it may invoke a protective clause. A mixed Swiss-EU committee will be responsible for applying the protective clause.

Please contact us if you would like any further details.

For more information on the subject, see the following link:
www.admin.ch/opc/de/classified-compilation/19994648/index.html

2. Special information for resident foreign nationals

2.1. Initial residence permit (permit B)

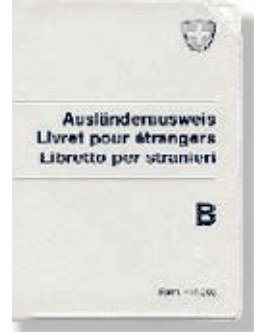
Resident foreign nationals are foreign nationals residing in Switzerland for a long period of time for a certain purpose, with or without gainful employment.

Resident foreign nationals from EU/EFTA Member States are granted the right to move and work freely within the borders of Switzerland. The advantage of an initial residence permit is that it allows foreign nationals to change their job or workplace, or to work on a self-employed basis. Furthermore, foreign nationals have the right to apply for family members to join them in Switzerland.

Gainfully employed persons with an employment contract that is valid indefinitely or for at least one year will receive a five-year initial residence permit. The residence permit will be extended for a further five years provided that the foreign national is in possession of an employment contract valid for at least one year. This extension may be limited to one year, however, if the foreign national has been involuntarily unemployed for more than twelve consecutive months.

Persons not in gainful employment (e.g. pensioners, students) may obtain this permit if they have a) sufficient financial means and b) health and accident insurance covering all risks.

Self-employed persons will receive a temporary residence permit to cover what is referred to as a set-up period, which typically lasts between six and eight months. Following this set-up period, they will be entitled to a five-year residence permit if they can provide proof of gainful employment on a self-employed basis, i.e. documentation of an activity that provides a living wage.



Foreign nationals moving to Switzerland must file their application with the relevant cantonal migration office/immigration authority when registering their residence in Switzerland.

Permit applications must include the following documents:

- Completed residence permit application (“Gesuch Ausländerbewilligung EU-17/EFTA [Formular A1]/Residence permit application form for EU-17/EFTA citizens [form A1]”)
- Copy of employment contract
- Copy of valid passport or valid identity card

2.2. Retirement provisions

2.2.1. Pillar 3 – Private pension scheme

Pillar 1 and Pillar 2 benefits often do not provide pensioners with the standard of living to which they are accustomed. Resident foreign nationals can take out private pension schemes to cover any additional needs not provided for by the first two pillars. Private pension schemes offer tax advantages. Pillar 3 is subdivided into two categories:

2.2.2. Pillar 3a – Tied pension scheme

Savings paid into this pension scheme are exclusively and irrevocably reserved for retirement, which is why this scheme is called a tied pension. This part of the private provision is funded by the government and provides the largest tax incentives. At the same time, it is subject to clear statutory terms and conditions with regards to term, payments and beneficiaries.

In contrast to the flexible pension scheme, capital from a tied pension scheme is taxed just once at the time it is paid out. In 2017, a maximum annual amount of CHF 6768.00 for employed persons and CHF 33,840.00 for self-employed persons could be paid into this scheme.

Applicable from 1st January 2008:

Older employees working past the usual retirement age may defer withdrawing from their Pillar 3a pension scheme until they cease gainful employment or for a maximum of five years, whichever comes first. Provided they remain in gainful employment, these employees may keep making tax-privileged payments into the Pillar 3a scheme for a maximum of five years after the standard AHV retirement age. The Swiss Federal Council has adapted the Regulation on the Tax Deductibility of Contributions to Recognised Pension Schemes (BVV3) accordingly.

On request, our cooperation partners would be happy to provide you with tailored recommendations.

2.2.3. Pillar 3b – Flexible pension scheme

This pillar is more flexible than Pillar 3a. In the broadest sense, it extends beyond insurance policies to cover the remaining personal assets, which can be

liquidated in case of need. Payouts from this scheme are tax-free and there are various investment vehicles here.

2.3. Health insurance for resident foreign nationals

According to Article 3 of the Swiss Federal Health Insurance Act (KVG), all persons must take out health insurance **within three months** of being born or taking up residence in Switzerland and/or of being identified as requiring compulsory health insurance in Switzerland. All family members are insured separately. The insured party is free to choose his/her health insurer. The health insurer must agree to provide basic insurance (pursuant to the KVG) irrespective of the insured party's age and state of health and without reservations or qualifying periods. However, supplemental insurance offered by Swiss health insurers may contain exclusions or surcharges (pursuant to the Swiss Insurance Contract Act [VVG]).

Persons who are exempt from compulsory health insurance in Switzerland:

- People staying in Switzerland to train or study, including students, pupils and interns, provided that they have similar insurance cover (exempt for a maximum of three years with the possibility to apply for another three years' extension)
- Lecturers and researchers staying in Switzerland to teach or conduct research, provided that they have similar insurance cover (exempt for a maximum of three years with the possibility to apply for another three years' extension)
- Employees sent to Switzerland that are supported by a government-to-government agreement on social security and thus exempt from making obligatory AHV contributions, and whose employers agree to ensure that, during the entire period of exemption, they are insured for treatment in Switzerland (at least for the services pursuant to the KVG)
- Upon application, those with a residence permit for persons not in gainful employment pursuant to the Agreement on the Free Movement of Persons or the EFTA Agreement, provided that they have similar insurance covering treatment in Switzerland for the entire period of exemption – applications must include written confirmation from the appropriate immigration authority containing all required information
- Upon application, persons for whom the Swiss insurance would represent a clear downgrade from the current insurance coverage or cost coverage and for whom, due to their age and/or state of health, taking out supplemental insurance would be impossible or only possible under unreasonable conditions

Excess (deductible)

Different excesses are available:

CHF 300, CHF 500, CHF 1,000, CHF 1,500, CHF 2,000, CHF 2,500.

The amount paid by the insured party varies according to the excess chosen. The higher the excess, the lower the monthly premium. Once the agreed excess is reached, 90% of the costs over and above this amount will be reimbursed with the remaining 10% borne by the insured (capped at CHF 700 per calendar year).

Example: Doctor's bill: CHF 1,000 per year. The agreed excess is deducted from this amount, e.g. CHF 300, leaving CHF 700. The insured party must only pay a further 10% of the remaining amount, i.e. CHF 70, meaning that the Swiss health insurance scheme covers CHF 630.

The resident foreign national therefore contributes CHF 370 towards a doctor's bill of CHF 1,000, with the Swiss health insurance scheme paying the difference of CHF 630.

Children

Insured parties up to 18 years of age are obliged to pay a deductible of 10% (up to a maximum of CHF 350 per calendar year).

Example: Doctor's bill: CHF 1,000 per year. The 10% excess is deducted from this amount = 100 CHF. The remaining 900 CHF is reimbursed.

Scope of insurance

All health insurance schemes provide the same basic insurance services, as stipulated by Swiss law. Individual health insurance schemes mainly differ according to the supplemental insurance provided (pursuant to the Swiss Insurance Contract Act [VVG]) and the monthly premiums.

Resident foreign nationals have the option of choosing a Swiss health insurance scheme that covers medical expenses in Switzerland as well as in Germany or worldwide. This makes it possible for resident foreign nationals to keep the same doctors.

Nursing care insurance

Swiss basic insurance provides for basic services (Spitex), such as beds, dressing and undressing, administering medication, assistance with personal hygiene, getting up, cleaning living quarters, laundry, shopping etc.

Please do not hesitate to contact us for more information or to receive a tailored recommendation.

2.4. Insurance in Switzerland

Household effects/glass insurance			
Sum insured	CHF 50,000.00	70,000.00 CHF	100,000.00 CHF
Insured losses	Annual premium		
Fire and natural disasters (CHF 200.00 excess)	CHF 37.30	CHF 50.40	CHF 69.40
Breaking and entering, robbery and petty theft in the home (CHF 200.00 excess)	CHF 50.40	CHF 68.30	CHF 94.10
Water damage (CHF 200.00 excess)	CHF 16.70	CHF 22.60	CHF 31.10
Sum insured	CHF 2,000.00		
Glass	CHF 60.30		
Petty theft outside of the home (CHF 200.00 excess)	CHF 54.00		

Legal protection		
Insured losses	Annual premium Single	Annual premium Family
Personal, professional and motoring legal protection without excess	CHF 384.50	CHF 452.30
Personal legal protection	CHF 276.30	CHF 337.00
Motoring legal protection	CHF 82.20	CHF 105.30

Personal liability insurance		
	Sum insured	Annual premium CHF 200.00 excess
Family	5 million	CHF 134.30
Single	5 million	CHF 102.90

Unit-linked pension scheme, amount paid out after 12 years			
Age	Monthly premium	Amount paid out (man)	Amount paid out (woman)
20	CHF 150.00	CHF 24,483.00	CHF 24,516.00
30	CHF 150.00	CHF 24,413.00	CHF 24,429.00
40	CHF 150.00	CHF 24,200.00	CHF 24,238.00

Accident insurance - 10-year term			
Disability basic sum in CHF (incl. supplemental whole life assurance of 10,000 CHF)	Payment in the event of total disability 350%	Annual premium (man)**	Annual premium (woman)
CHF 50,000.00	CHF 175,000.00	CHF 100.00	CHF 100.00
CHF 100,000.00	CHF 350,000.00	CHF 139.00	CHF 107.00

All premiums without federal stamp duty (insurance tax)

*Excess = excess per claim **Businessman (depending on the profession)

Insurance companies: Helvetia

Please do not hesitate to contact us for more information or to receive a tailored recommendation.

2.5. Unemployment insurance for resident foreign nationals

Resident foreign nationals are entitled to claim unemployment benefits if they have been employed for at least twelve of the last 24 months. If they have a liability to provide maintenance for children, they will receive a daily allowance of 80% of their last wage. Employees without children will receive 70% of the contractually agreed wage up to a maximum of CHF 7,350.00 (up to CHF 8,400.00 for those receiving an allowance of 80%). Unemployed persons will receive five daily allowances per week up to a maximum of 400 daily allowances during the period of unemployment. However, there is a waiting period of five days

before unemployment benefits can be claimed, except in the case of low earnings.

The benefit period may be shortened if claimants do not properly fulfil the qualifying conditions, e.g. self-inflicted unemployment, insufficient efforts to find work or not accepting a reasonable, assigned position. Payments may be suspended for up to 60 days (waiting period) depending on the degree of fault. The premium rate is 2.2% up to an annual income of CHF 126,000 per year. Over this amount, the premium rate is 1%. This amount is to be split equally between the employee and employer.

2.6. Taxes for resident foreign nationals

■ The Swiss tax system

Switzerland is a federal state. This federal state structure is very heavily reflected in the country's taxes. "The Confederation as well as the 26 cantons and the municipalities all have independent tax entitlements. Although federal taxes are consistent throughout the country, there are considerable discrepancies between different cantonal tax rates. The Confederation's income tax caps at a maximum 11.5%. This is collected by cantonal tax authorities. Cantonal and municipal taxes vary greatly, which is why choosing a canton and municipality wisely can reduce an

individual's tax rate by up to 23% (source: Weigell, Brand, Safarik, *Investitions- und Steuerstandort Schweiz (Switzerland as an investment and tax location)*, Munich und Basel 2000, p. 149).

The tax rate is determined by taking into account the total income, regardless of the country in which it was earned (known as worldwide income). However, worldwide income is only taxed insofar as it is not exempt as a result of non-liability (international tax allocation) or through the Double Taxation Convention (DBA)."⁴⁾

■ Withholding tax in Switzerland

Withholding tax is imposed on all foreign employees who are not in possession of a permanent residence permit (permit C) issued by the migration office, but have a habitual residence or abode in the canton under fiscal law. In particular, this refers to resident foreign nationals with initial residence permits (permit B). Withholding tax is calculated from gross income. The amount of tax due is determined according to the tariffs set by the cantonal tax administration's withholding tax department.

Withholding tax covers the taxes from the Confederation, canton and municipality (including welfare and church tax) if these are imposed on income from

gainful employment. The "no church tax" tariff must be used for taxpayers of withholding tax that do not belong to a regional church (Roman Catholic, Evangelical Reformed and Christian Catholic Churches).

NEW as of 1st January 2014: New standardised tariff codes apply in all cantons. This means that the tax category for resident foreign nationals (residence permit B) has changed. The new withholding tax tariffs must be used by all employers and be the same in all cantons from 1st January 2014. Withholding tax in Switzerland is retained directly by the employer and then transferred to the relevant tax authority.

2.6.1. Federal, cantonal and municipal taxes

■ Federal taxes

Direct federal tax and value-added tax are the Confederation's principal sources of income.

- **Direct federal tax**
For private individuals (natural persons), direct federal tax is deducted from income; for companies and enterprises (legal entities), this tax is deducted from profits. This is levied and collected by the cantons for the benefit of the Confederation.
- **Value-added tax**
Value-added tax is an excise duty imposed on all phases of production and distribution as well as on imported goods. Value-added tax is normally 8%, or 2.5% for everyday consumer goods.

■ Cantonal taxes

As part of the Swiss Tax Harmonisation Law, cantons are free to decide on the taxes they levy, with the exception of federal taxes, such as value-added tax and customs duties.

Cantons are obliged to harmonise their tax laws. In particular, this concerns taxable entities, taxable objects, procedural law and criminal law. This harmoni-

sation does not apply to tariffs, tax rates, social security contributions and tax allowances.

For this reason, both the tax burden and the individual provisions in the tax laws themselves may vary greatly.

■ Municipal taxes

Municipalities impose their taxes on the basis of cantonal tax laws, but specify the tax laws themselves. Municipal taxes are often as high or higher than cantonal taxes. As a general rule, municipal taxes apply to the same objects affected by cantonal taxes, i.e.

income and assets, profits and capital, profits made from real property, inheritance and donations etc.

2.6.2. Taxes in different life situations

Taxes play a role for people in different stages throughout their lives. We have provided some information on this subject below:

- **Start of tax liability**
Minors are obliged to start paying direct federal tax, and cantonal tax in most cantons, as soon as they start receiving wages (including apprentice wages) that cannot be classed as mere pocket money. Individual cantonal laws stipulate special regulations.
- **Marriage**
Spouses are jointly taxed for the entire ongoing tax period from the beginning of the year in which they are married. The cantonal tax authority will provide information on the tax amount.
- **Birth of a child**
Having a child has positive tax consequences for the parents. They are entitled to claim deductions for children from federal and cantonal income tax. These deductions are based on the circumstances at the end of the tax period concerned.
- **Divorce, separation**
Spouses must be lawfully and effectively married and living together to apply for a joint direct federal and cantonal tax assessment. Spouses living apart (i.e. no longer sharing means for living quarters and maintenance) will be taxed separately from the day of separation. Legal confirmation of the separation or divorce is not necessary for this to take effect. This sometimes differs from canton to canton.
- **Gainful employment**
Taking up and suspending gainful employment has an effect on how income is taxed.
- **Taking up or giving up work**
If tax liability only applies to part of the tax period, tax is only imposed on income earned during this time. Taxable income will therefore always be calculated according to the income earned during this tax period.

- **Annualised income**
Regular income (e.g. wages) is estimated for a full year (annualised) to determine the applicable tax rate, even if tax liability has not been in place for a whole year. This annualised income solely serves the purpose of determining the tax rate.
- **Changing cantons**
Under the generally applicable system, which came into force on 1st January 2003, where assessment is performed at the end of the period, changing residence to another canton poses no difficulties. Tax liability is based on personal affiliation and, as such, taxes due in the current tax period must be paid in the canton in which the taxpayer is residing at the end of this period.

This means that a taxpayer moving from canton A to canton B in the course of a year will be liable to pay taxes in the new place of residence (canton B) for the entire year and hence not have to pay taxes in the previous canton (canton A). Taxpayers will be reimbursed for any instalments

they have already paid upon providing confirmation that they have taken up residence in another canton.

- **Age and disability**
AHV/IV pensions, occupational pension schemes, daily unemployment allowances and the majority of other periodic benefits are fully subject to direct federal tax and to cantonal tax in all cantons (= 100% of total). However, taxpayers can deduct the entire premiums from their incomes during their working lives.

2.7. Family reunification

“Spouses, children and grandchildren under the age of 21 or – provided that they are supported – parents, grandparents and older children may join the resident foreign national in Switzerland. It does not matter whether these family members are EU/EFTA citizens or third-country nationals.” The following documents are required when applying for a residence permit for family members:

- Completed residence permit application for family members (form A2 for EU/EFTA family reunification)
- Original marriage certificate or family register
- Children’s birth certificates
- Copy of valid passport or valid identity card + two passport photos
- Copy of tenancy agreement
- Applicant’s confirmation of employment from employer
- Confirmation from the authorities responsible for the previous residence must be provided for children over 21 years of age proving that they have been dependent on the applicant up to now



2.8. Child allowance

Those residing in Switzerland have the right to claim Swiss child benefits, which are lower in comparison to those in Germany. In Switzerland, these benefits are paid by the employer. This entitlement begins when the wage claim starts, on the first day of the month in which the child was born, and ends once the child reaches the age limit, finishes studying or passes away.

Please contact us to find out the child allowance available in each Swiss canton.

2.9. Swiss school system

Children are entitled to attend state schools free of charge.

Pre-school education

In all cantons, children have the right to a pre-school education of at least two years before attending compulsory school.

Primary education

Children may start attending primary school from the age of six onwards. Attending school is obligatory and free of charge for all children. Children usually attend a school in their place of residence. Primary school lasts for six years in 20 cantons and for four or five years in the remaining cantons.

Secondary education I

Secondary education I is the second part of compulsory education. Secondary schools provide a basic general education, preparing pupils for vocational training or further education establishments (secondary education II). Attending secondary school is free of charge. Secondary education I starts after six years of primary education in 20 cantons, and after four or five years in six cantons. Secondary schools are supported by municipalities and cantons. The cantons determine the learning objectives and curriculums. In contrast to primary education, most cantons divide children into types of schools with different achievement levels. Secondary schools also differ in structure within individual cantons.

Most cantons offer a tenth school year for personal development.

Secondary education II

Following compulsory education (after nine school years), pupils may proceed to secondary education II. Secondary education II comprises general courses of study (schools preparing pupils for the matura (similar to A-Levels) and diploma) as well as vocational schools. The different courses of study last for two to four years, ending with a diploma and/or federal certificate of proficiency. Depending on the leaving certificate obtained, pupils may continue on to tertiary education.

Tertiary education

Tertiary education comprises studies at universities and higher vocational training: cantonal universities in Zurich, Basel, Berne, Fribourg, Lausanne, Geneva, Neuchâtel, Lugano/Mendrisio; Swiss Federal Institutes of Technology (ETH) in Zurich and Lausanne; Universities of Applied Sciences (Fachhochschulen); Colleges of Professional Education and Training (Höhere Fachschulen). Both the cantons and the Confederation have a legal say in tertiary education.

International schools

Private schools have a long tradition in Switzerland, especially in the west of the country. They are mainly attended by foreign children and young people, and enjoy an excellent reputation that extends far beyond the country's borders.

Integration and welcome classes

Integration classes are available to children and young people under the age of 16 who have moved to Switzerland from a foreign country and are having language difficulties. These classes can be attended for a maximum of one year before attending normal classes.

Finding a school

State school (pre-school, primary school, secondary school I):

Please contact your residential municipality or the school in question directly. Bring your residence permit and proof of health insurance.

International schools

Please contact your country's diplomatic office.

For more information: www.edk.ch



2.10. Costs of living

Living quarters

Thanks to the high purchasing power of wages, living costs in Switzerland are not particularly expensive in the European context.

The following table will give you an idea of the average living costs in selected cities/cantons, using two examples.

City	Canton	4-room flat 70-110 qm		4-room house 70-110 qm	
		Rent in CHF/month		Purchase price in CHF	
		from	to	from	to
Aarau	AG	1.000,-	2.600,-	450.000,-	900.000,-
Basel	BS	1.200,-	3.800,-	390.000,-	1.400.000,-
Bern	BE	700,-	2.900,-	390.000,-	1.200.000,-
Chur	GR	1.300,-	2.000,-	300.000,-	980.000,-
Frauenfeld	TG	1.400,-	2.600,-	400.000,-	900.000,-
Fribourg	FR	1.400,-	2.000,-	300.000,-	600.000,-
Genf	GE	1.700,-	6.100,-	600.000,-	1.800.000,-
Lausanne	VD	1.700,-	5.000,-	700.000,-	1.600.000,-
Lugano	TI	1.500,-	3.000,-	400.000,-	1.500.000,-
Luzern	LU	1.100,-	3.100,-	400.000,-	1.100.000,-
Neuchatel	NE	900,-	1.800,-	360.000,-	1.100.000,-
Schaffhausen	SH	900,-	2.000,-	300.000,-	700.000,-
Sion	VS	1.200,-	1.800,-	350.000,-	1.000.000,-
Solothurn	SO	1.200,-	2.500,-	300.000,-	650.000,-
St. Gallen	SG	1.000,-	2.600,-	300.000,-	900.000,-
Zug	ZG	2.200,-	3.500,-	700.000,-	3.500.000,-
Zürich	ZH	1.200,-	5.500,-	500.000,-	2.400.000,-

Source: Research 12-2016, Immo-Monitoring of the total Swiss housing market
www.immoclick.ch, www.homegate.ch, www.alle-immobilien.ch.

Standard of living

When looking at living expenses, please consider the high purchasing power of income enjoyed by employees in Switzerland. According to a study by UBS, wages in Switzerland have a higher purchasing power than wages in most other European cities as well as in many major international cities.

The latest statistics indicate that the average income in Switzerland is EUR 47,000, making it the highest in Europe. With regards to purchasing power, however, Switzerland only ranks seventh in Europe. The Germans' income goes the furthest with a purchasing power exceeding that of Switzerland by almost 18%. According to the latest analyses by an authority in the European Economic Area, consumer food prices are on average 50% higher in Switzerland than in the European Economic Area. In comparison to Germany,

those living in Switzerland can expect to pay around 30% more for living expenses, though this may vary greatly between cities such as Zurich or Berne and rural areas.

Agricultural products, meat, fish and cooking oil in particular can sometimes cost twice as much as the same products sold in neighbouring countries. In addition, drugs, for the most part manufactured in Switzerland, are all considerably more expensive in Switzerland than in neighbouring countries.

The same applies for consumer electronics, cars and many other products. Only tobacco products are somewhat cheaper in Switzerland than in the EU.

Value-added tax refunds

Refund of foreign value-added tax to resident foreign nationals = deduction amounting to the turnover tax. If you personally bring goods bought abroad to Switzerland within three months, you are often able to get the foreign VAT refunded through the foreign seller or through a tax refund company. A refund form is filled out by the seller and then by the foreign customs authorities to confirm that the goods were exported to Switzerland.

2.11. Moving checklist

See the detailed checklist attached (page 26) for tips on how best to plan your move and on the move itself.

2.12. Example of calculating net earnings

The following table shows you the steps involved in calculating your net earnings.

We would be happy to calculate your net earnings for you on a non-binding, provisional basis.

Gross monthly earnings			
Deductions by employer in Switzerland			
AHV (Old-Age and Survivors' Insurance) A cross-border commuter and his/her employer will each contribute a premium of 5.125% of the wage earned in Switzerland to the AHV.			5.125%
BVG (pension insurance) The premium varies according to the employee pension scheme and company (between 7% and 18%). This premium will also be split equally between the resident foreign national and his/her employer.			See the table to the left
Age		Proportion of insured wage	
Männer	Frauen		
25-34 years old	25-34 years old	7 %	
35-44 years old	35-44 years old	10 %	
45-54 years old	45-54 years old	15 %	
55-65 years old	55-64 years old	18 %	
Accident Insurance Fund (BU/NBU) The employer must make contributions for industrial injuries insurance (BU), while the employee covers the general premiums for accidents outside of work (NBU). Currently, the resident foreign national is obliged to contribute 1.086% - 3.15% (depending on profession)			1.086% - 3.15%
TG (daily allowance insurance/continued wage payment in the event of illness) In Switzerland, employers are not statutorily obliged to continue payment of wages for up to six weeks if the employee cannot work due to illness, as is the case in Germany. However, employers usually take out daily allowance insurance with a Swiss company to cover this risk. The premium usually amounts to 1% of the employee's gross income.			1.0%
ALV (unemployment insurance) ALV premiums are split equally between the resident foreign national and his/her employer and paid in Switzerland. The resident foreign national's premium rate is currently 1.1% up to an annual income of CHF 126,000 per year. Over this amount, the premium rate is 0.5% .			1.1%
Tax liability/tax deductions Under certain circumstances, resident foreign nationals who make most of their purchases in Switzerland may only have to pay taxes (withholding taxes) in Switzerland. This amount of withholding tax due is determined by the canton of residence.			
Deductions by the employee			
Health insurance Health insurance is compulsory in Switzerland. The premium depends on the canton of residence, the chosen excess, age and the scope of the service selected.			
Net monthly earnings approx.			

3. General information for cross-border commuters

Do you live in Germany but work in Switzerland? This means that you are a cross-border commuter and have, or are in the process of obtaining, a work permit (permit G).

We can advise you on all issues that are relevant for cross-border commuters, including:

- taxes due
- health insurance
- parental allowance/child benefits
- salary after taxes
- unemployment insurance
- direct insurance (reducing taxes pursuant to Pillar 3 in Switzerland)
- and much more

We would be happy to help you determine whether being a cross-border commuter or resident foreign national would be more beneficial to you, as well as support you in your decision to either live in Germany and work in Switzerland (cross-border commuter), or both work and live in Switzerland (resident foreign national).

Please don't hesitate to get in contact with us to arrange an appointment.

4. Appendix

4.1. Comparison of banks

	Postfinance	Aargauische Kantonalbank	Schaffhauser Kantonalbank	UBS Basel	Raiffeisen	Neue Aargauer Bank AG	Migrosbank
Account maintenance charges	private account RFN*: 5 CHF per month CBC*: 25 CHF per month. Account charges are cancelled with credit from 7500 CHF. Account for trainees are free of charge	private account RFN*: 15 CHF per month CBC*: 15 CHF per month Online account: 2 CHF per month	private account RFN*: 1,50 CHF per month CBC*: 1,50 CHF per month - plus 50 CHF CBC* charges per annum	private account RFN*: 7,00 CHF per month. CBC*: 7,00 CHF per month - plus 30 CHF CBC* charges per annum. Account fees are cancelled with credit from 5,000 CHF	private account RFN*: 8 CHF per month CBC*: 20 CHF per month CBC* account charges are cancelled with credit from 5,000 CHF. Euro account: 8 CHF per annum	private account RFN*: 4 CHF per month Account charges are cancelled with credit from 5,000 CHF. CBC*: 4 CHF per month	private account RFN*: 3 CHF per month CBC*: 20 CHF per month - with credit more than 7500 CHF only 6 CHF per month
E-Banking (Onlinebanking)	Online banking possible	Online banking possible	Online banking possible	Online banking possible	Online banking possible	Online banking possible	Online banking possible
Transfer fees within Switzerland	Free via online banking	Free via online banking	Free via online banking	Free via online banking	Free via online banking	Free via online banking	Free via online banking
abroad (possibly plus conversion fees from the receiving bank)	Transfers in EUR via SEPA for free	Transfers in EUR via SEPA for free	0.30 CHF per referral via SEPA	0.30 CHF per referral via SEPA	1 CHF per referral via SEPA. 3 CHF without SEPA via online banking	Transfers in EUR via SEPA for free	2 CHF per referral via SEPA. 5 CHF without SEPA plus fees
Standing orders within Switzerland	free via SEPA	free via SEPA	free via SEPA	free via SEPA	free - no SEPA needed: Internal payment system relating CHF	free via SEPA	free via online banking
abroad	In EUR via SEPA for free + exchange rate. 5 CHF in another currency	In EUR via SEPA for free + exchange rate	In EUR via SEPA 0.30 CHF + exchange rate	In EUR via SEPA for free + exchange rate	1 CHF per referral via SEPA	5 CHF in CHF and EUR	5 CHF per referral via SEPA
Interest on private account	0.00%	0.01%	0.01%	0.00%	0.00%	0.01%	0.05%
Interest on savings account	Regular savings account 0.1%. Online savings account 0.15%.	regular savings account 0.05%	regular savings account 0.05%	regular savings account 0.01%	regular savings account 0.05%	regular savings account 0.01%	regular savings account 0.01%
Cash deposits possible across Switzerland	Yes - possible at all ATMs/switches	Yes - possible at all "Kantonalbank" switches	Yes - possible at all "Kantonalbank" switches	Only at "UBS" machines/switches	Yes - possible at all ATMs/switches	Yes - on own machines	Yes - possible at all "Migros" machines - switches are limited
Cash withdrawals possible across Switzerland	Yes - at Post, Migros and Spar Cash payment at the cash register possible	Yes - at all banks from "Kantonalbank"	Yes - at all banks from "Kantonalbank"	Yes - at all ATMs/switches	Yes - possible at all ATMs worldwide	Yes - on own machines	Yes - at all "Migros" machines - switches are limited
Fees for withdrawal from other banks* ATMs within Switzerland	2 CHF	2 CHF	2 CHF	2 CHF Free reference: With „Bankpaket“ special offer	24 withdrawals from foreign machines free per year - each further reference 2 CHF	2 CHF	2 CHF
abroad	5 CHF	5 CHF	5 CHF	5 CHF	4.50 CHF	4.75 CHF + fees of 0.25% of the total contingent	5 CHF
Cash pay-outs in foreign currencies	available - possibly plus conversion fees	available - possibly plus conversion fees	available - possibly plus conversion fees	available - possibly plus conversion fees	available - possibly plus conversion fees	available fees of 1.50 €; 40 CHF per annum	available - possibly plus conversion fees
Fees for Maestro card (ec card)	50 CHF per annum for "PostFinancecard"	30 CHF per annum	40 CHF per annum	40 CHF per annum	40 CHF per annum	40 CHF per annum	Free of charge
Others	"Privatkonto Plus": 12 CHF per annum - plus worldwide monetary relation in the machine for free.	"Kantonalbank" special offer for 120 CHF per annum: all fees are cancelled for taking off and amount for credit card (50 CHF p.a.), as well as monetary relation in the machine free of charge.	"Konto Plus" 5 CHF per month with free Maestro card. cancelled account charges plus half amount for credit card (50 CHF p.a.), as well as monetary relation in the machine free of charge.	"Bankpaket" special offer for 120 CHF per annum: all fees are cancelled for taking off and amount for credit card (50 CHF p.a.), as well as monetary relation in the machine free of charge.	"Konto Plus" customers with more than 5,000 CHF on account: in the first year free of charge. Alternatively: V-Pay card ONLY valid in Europe for 30 CHF per annum.	E-Banking: Here one needs PC plus additional device like Smartphone/iphone to confirm the payment by banking APP (or by means of lending device 50 CHF per annum from the bank).	E-Banking: Here one needs PC plus additional device like Smartphone/iphone to confirm the payment by banking APP (or by means of lending device 50 CHF per annum from the bank).

*resident foreign nationals = RFN
*cross border commuters = CBC

Prices/conditions with no liability assumed

4.2. Organising your move

Task	To be done by (date):	To be done by (person):	Done:
Have documents ready			
Passport			<input type="checkbox"/>
Assurance			<input type="checkbox"/>
Permit, work permit			<input type="checkbox"/>
Birth, marriage, divorce certificates			<input type="checkbox"/>
Curriculum vitae			<input type="checkbox"/>
Certificates			<input type="checkbox"/>
Driving licence			<input type="checkbox"/>
Authorities			
Registration office, deregistration			<input type="checkbox"/>
Tax office			<input type="checkbox"/>
Child benefit authority			<input type="checkbox"/>
Nursery, school			<input type="checkbox"/>
District recruiting office (for monitoring non-serving military conscripts)			<input type="checkbox"/>
Health			
Vaccination certificate, visit to GP and dentist			<input type="checkbox"/>
Medical supplies, spectacles and aids			<input type="checkbox"/>
GP, dentist at new place of residence			<input type="checkbox"/>
Insurances (Check if valid abroad, may be suitable to maintain)			
Accident insurance			<input type="checkbox"/>
Pension insurance			<input type="checkbox"/>
Life insurance			<input type="checkbox"/>
Occupational disability insurance			<input type="checkbox"/>
New insurances			
Health and nursing care insurance			<input type="checkbox"/>
Legal protection			<input type="checkbox"/>
Car insurance			<input type="checkbox"/>
Personal liability insurance			<input type="checkbox"/>
Post and banking			
Forwarding request for post			<input type="checkbox"/>
Bank payments			<input type="checkbox"/>
Check standing orders			<input type="checkbox"/>
Credit cards			<input type="checkbox"/>
Savings accounts			<input type="checkbox"/>
Loans			<input type="checkbox"/>
Bank power of attorney			<input type="checkbox"/>
Euro foreign account			<input type="checkbox"/>
Pets and plants			
Import regulations			<input type="checkbox"/>
Vaccinations			<input type="checkbox"/>
Documents			<input type="checkbox"/>

Task	To be done by (date):	To be done by (person):	Done:
Registration of change of address			
Flat, house			<input type="checkbox"/>
Electricity			<input type="checkbox"/>
Gas			<input type="checkbox"/>
Refuse collection			<input type="checkbox"/>
Car			<input type="checkbox"/>
Club memberships			<input type="checkbox"/>
Telephone, call forwarding			<input type="checkbox"/>
Radio, TV			<input type="checkbox"/>
Magazine and newspaper subscriptions			<input type="checkbox"/>
Move			
Import and customs regulations			<input type="checkbox"/>
Taking household effects, selling or storing them			<input type="checkbox"/>
Removal companies (get quotes)			<input type="checkbox"/>
Electronic devices (voltage, adapters)			<input type="checkbox"/>
Tickets, plane tickets, luggage insurance			<input type="checkbox"/>
Important addresses at the new residence			<input type="checkbox"/>
Keys (old and new)			<input type="checkbox"/>
Gas, electricity and water meters (old and new)			<input type="checkbox"/>

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