

Dossier 4

For persons liable to pay tax at source

What is “tax at source”?

In a system of tax at source (also known as pay-as-you-earn [UK] or withholding tax [USA]), the tax due is deducted by the employer directly from the employee’s salary and passed on to the state (in this case the Canton of Bern Tax Administration).

Who pays tax at source?

- Foreign nationals living and working in Switzerland who do not hold a permanent residence permit (Niederlassungsbewilligung C)
- Employees working in Switzerland who live abroad, regardless of their nationality (for example international weekly residents, short-term residents, lorry drivers, cross-border commuters)
- Other people who live abroad (artists, speakers, sportsmen and women, management bodies of legal entities, former employees with stock option plans, mortgage creditors, recipients of benefits under former employment contracts, with a public law employer, recipients of private pension benefits) who receive taxable income from Switzerland

What is taxed?

The employee’s gross income forms the basis for calculating the tax at source.

What is the rate of tax at source or, more precisely, what tariffs apply?

Depending on marital status, religion, number of children etc. a variety of tariffs apply:

Tariff A: Single persons without children or persons who need support, living in the same household

Tariff B: Married couples with only one earner

Tariff C: Married couples with two earners

Tariff D: Secondary employment and substitute earnings (a main job is required in Switzerland)

Tariff E: Assessment under the simplified assessment procedure

Tariff F: Italian cross-border commuters

Tariff H: Single persons with children or persons who need support, both living in the same household

Tariff L – P: German cross-border commuters

What do you have to do if you are liable to pay tax at source?

If you are liable to tax at source and if you are a resident for tax purposes in Switzerland, you must simply ensure that your employer has all the relevant information for deducting the tax at source (for example information on your marital status, number of children, spouse’s job, religion) and is informed immediately of any change in circumstances.

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What do you have to do if you do not agree with your deduction of tax?

If you are liable to tax at source and do not agree with your deduction of tax, you can claim an injunction about existence and scope of the tax liability. The deadline for this is March 31 of year following the relevant tax period. The employer is obligated to deduct the tax at source furthermore, until a final decree has been issued.

What is a “retrospective ordinary assessment”?

If you are liable to pay tax at source and if you are a resident for tax purposes in Switzerland, but would like to claim deductions that are not or not fully taken into account in your tariff, you can apply to the tax administration by 31 March of year following the relevant tax period for a “retrospective ordinary assessment” to be made.

The relevant application form is made available for use via the following link:

www.be.ch/steuern > Steuererklärung > Formulare > Quellensteuer

Possible additional deductions include buying into an occupational pension fund (BVG/ 2nd Pillar), contributions to a restricted private savings scheme (Pillar 3a), additional professional costs, interest on debts, costs of continuing professional education, expenses for child care, payments made to people who are unable to work and require support, deductions for children if not included in the tariff and maintenance that you pay to your (former) spouse or children.

The tax administration may also carry out a retrospective ordinary assessment automatically. This happens when your gross annual income exceeds CHF 120,000, either of the liable person to tax at source or his/her spouse, living in a legally and effectively intact marriage. Also, if you generate additional (not liable to tax at source) income or own assets. In this case, the Canton of Bern Tax Administration will send you a tax return to complete. In subsequent years, you will be sent a tax return automatically, irrespective of how high your gross salary is. The salary paid out will remain under taxation by tax at source. Any taxes already deducted at source will taken into account free of interest in the final amount of tax due in the retrospective ordinary assessment

International weekly residents are the below employees:

- whose place of work is in Switzerland and who are not self-employed
- whose main place of residence – and accordingly their domicile for tax purposes is outside Switzerland (indicated by their not being permanently resident in Switzerland [Permit C]),
- who cannot reasonably be expected to return to their main place of residence outside Switzerland (i.e. every day),
- who have a home in Switzerland where they stay during the week,
- who regularly return at weekends (at least every two weeks) to their home outside Switzerland and – who are taxed at source on the income from their work as an employee in accordance with Article 116 of the Taxation Act.

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If you wish to be assessed as an international weekly resident, you must provide the following documents:

- written confirmation of where you live (original document) from the competent foreign authority,
- a copy of the lease for your home outside Switzerland or if applicable, an extract from the land register and / or written proof that you are using the property you own as your own home
- a copy of the lease for accommodation in Switzerland where you live during the week
- all annual salary statements from all your Swiss employers
- petrol receipts, train tickets or similar documents, who are proof of the return journey on a regular weekly bases

As an international weekly resident cannot request a retrospective ordinary assessment, additional deductions that have not already been taken into account can only be made if you request that an adjustment be made to the tariff for tax at source.

It refers to the following deductions:

- rental costs of your residence within the canton of Berne,
- additional deductions for external meals,
- travelling expenses from abroad to Switzerland, – costs of continuing professional education,
- deductions for children if not included in the tariff,
- buying into an occupational pension fund (BVG/ 2nd Pillar), contributions to a restricted private savings scheme (Pillar 3a)

The application for the tariff adjustment must be submitted in writing to the Canton of Bern Tax Administration by 31 March of the year following the relevant tax period. The above mentioned documents need to be added

Please note!

The deadline of March 31 of year following the relevant tax period is an absolute forfeiture period, if the person liable to pay taxes at source wishes to claim additional expenses. Applications submitted after the deadline cannot be taken into consideration.

When do you become eligible for ordinary assessment?

If you are a resident for tax purposes in Switzerland and if the requirements for tax at source no longer apply, the Canton of Bern Tax Administration will begin the ordinary assessment procedures the following month. Any taxes already deducted at source will be taken into account (free of interest) in the subsequent assessment. You become eligible for ordinary assessment:

- on becoming permanently resident in Switzerland (C residence permit) or acquiring Swiss citizenship
- if you marry a person who is Swiss citizen or holds a residence permit
- if you acquire real estate in the canton of Berne

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- if you are receiving a full disability pension
- on reaching the age of retirement

If you no longer meet the requirements for taxation under the ordinary assessment procedure, you will be taxed at source again by your employer from the following month onwards.

This applies in cases of divorce, effectively or legal separation from a spouse with Swiss citizenship or a resident permit, if the person concerned is not holding a resident permit itself.

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