

CHAOS IN THE APPLICATION OF THE NEW VAT RATES as well as THE MANDATORY ELECTRONIC TAX ASSESSMENT

Florian Hanslik, Director, florian.hanslik@primetax.ch

Anita Machin, Manager, anita.machin@primetax.ch

The year 2018 has brought and brings about some alterations from an indirect tax perspective. Much has already been written and reported about it. Unfortunately, it is our experience that not everyone is aware of these new developments. We therefore want to seize this opportunity and reiterate how important the following issues are to every single business.

Changes in VAT rates create confusion within companies

The situation as of 1 January 2018: Switzerland has reduced its VAT rates. The new standard rate is no longer 8%. From the beginning of the year it is only 7.7%. After more than two months with the new VAT rate, we need to state that — amazingly enough — not everyone has noticed this change. Telecommunications company invoices are issued with either one rate or the other, restaurant bills are quite adventurous — drinks are sometimes consumed at 8%, while the food goes potentially at 7.7%. Our worst fears have come true in this respect as the period of time for switching to the new rates (including notifying the public and making it aware of the new rates) was far too short. Below, we once again list the new VAT rates that are applicable as of 1 January 2018:

- Standard rate: 7.7%
- Reduced rate: 2.5%
- Rate for accommodation services: 3.7%



The Swiss Federal Tax Administration has also published a separate communication on when to use the old and the new VAT rates. This interpretation by the Tax Administration is based on when a service has actually been rendered — the invoicing date is - in these cases - absolutely irrelevant. Please note that other changes in the VAT Act apply as of 1 January 2018. These have been summarised in our [September 2017 Newsletter](#).

In March everything goes electronic

e-Government Switzerland is the organisation of the federal government, the cantons and the municipalities which is concerned with the expansion of electronic government services. Its task is to control, plan and coordinate the joint e-Government activities at the three levels of government. As part of the implementation of the e-Government strategy, as of 1 March 2018 the Swiss Federal Customs Administration introduced the Electronic Tax Assessment in the customs clearance system 'e-dec', which is also mandatory for import declaration. This means that from 1 March 2018, all assessment orders of the Federal Customs Administration will only be issued electronically in e-dec. The prerequisite for this is a one-time registration with the Company Identification Number in the Customs Customer Tracking System. It is very important in this case that — in terms of the issued Electronic Tax Assessment — there is adequate proof of duty payment. In other words, the Swiss Federal Tax Administration recognises the Electronic Tax Assessment, under the principle of freedom-from-proof, as a document with sufficient evidential value (e.g. for input VAT deduction).

What does this mean for my company?

PDF invoices via email or scanned paper invoices (see our [December 2017 Newsletter](#)) as well as electronic customs import and export declarations — all documents relevant to accounting are buzzing around the electronic world. It is crucial that we not lose track and assemble, systematically organise and store or archive the individual documents. The system should be designed such that a so-called audit trail is maintained. In other words, every business case should be able to be checked at any time, reliably and without significant additional expenditure of time via the invoice (and, if applicable, the Tax Assessment), the accounting, the VAT invoice, the allowance in the VAT invoicing and vice versa.

What do I have to keep in mind?

- Is my company using the correct new VAT rates?
- Has my company correctly implemented the transitional provisions on the VAT rate change?
- How can I, as a business, generate the Electronic Tax Assessment (eVV)? Have I already registered my company accordingly?
- Will my (electronic) accounting documents be systematically stored?

If you have any questions, as your VAT team we are always happy to hear from you. We look forward to your E-Mail.

Best regards



A. Maugin



P. H. O.

Contact

PrimeTax AG
Seestrasse 356
CH-8038 Zürich

PrimeTax AG
Hansmatt 32
CH-6370 Stans

Phone: +41 58 252 22 00
Fax: +41 58 252 22 99
E-Mail: info@primetax.ch