

Recovery of VAT without register entry as well as VAT questions on crypto currencies and mining

Anita Machin, anita.machin@primetax.ch

Florian Hanslik, florian.hanslik@primetax.ch

Numerous foreign companies have business-related and input-taxed expenses in Switzerland, without actually being subject to VAT obligations in this country. Under certain circumstances, these beneficiaries can have the paid input tax reimbursed in a so-called refund process.

What does this mean for my company?

A company is entitled to a refund of the taxes incurred if it receives domestic supplies against payment and if it has its domicile, place of business or permanent establishment abroad. Furthermore, the company may not in principle provide any services domestically (Switzerland and Liechtenstein), and it may not be liable to tax. This configuration occurs above all within the context of acquisition activities such as when participating in trade fairs or exhibitions.

How can I apply for the refund?

The application for the refund of the value added tax must be submitted via Forms [1222](#) and [1223](#) which are officially issued by the Swiss Federal Tax Administration (SFTA). Only one application can be made per calendar year and the refundable taxes must amount to at least CHF 500. The foreign company has to prove its own entrepreneurial status by means of a certificate from the foreign tax authority; additionally, by law it must appoint a tax agent based in Switzerland. PrimeTax AG would be happy to take on such an assignment for you.

The country in which the company is based must grant a corresponding reciprocal right. The SFTA keeps a [list of the countries](#) with which a reciprocity declaration has been exchanged or, respectively, the reciprocity has been proven or verified.



What do I have to think about?

The application must be submitted no later than the 30th of June of the year following the reimbursement period. The deadline for submission of the 2017 refund applications expires on June 30, 2018. This statutory deadline is not extendible. The postmark date is decisive in this respect.

If the foreign company only provides services which are exempt from tax under the Swiss VAT Law, it is not entitled to a refund for the tax. Moreover, the tax refund is excluded for expenses which are due to private or non-entrepreneurial purposes (examples: a ski weekend or a holiday by the business owner in Switzerland).

Conversely, can a Swiss company claim back foreign value added tax?

In many countries, Swiss companies have the possibility of being refunded the local value added tax ([see list of countries with the reciprocity agreements](#)). The conditions are basically the same as in the reverse case – whereby the application deadline, the minimum amounts and the country-specific restrictions in particular must be verified.

What else is the SFTA concerned with at the present time?

There are often many questions about crypto currencies and mining. Uncertainties exist especially with regard to the VAT treatment of individual transactions using digital means of payment. PrimeTax AG has commented on this issue in an [article in the Zuger Steuer Praxis](#) and is eagerly awaiting a written statement from the SFTA.

As your VAT team, we look forward to being able to support you with the refund of Swiss VAT in the refund process or helping you with VAT questions in general.

Best regards

