

vat's important

Looking for money in times of COVID-19? Input VAT as a source of liquidity!

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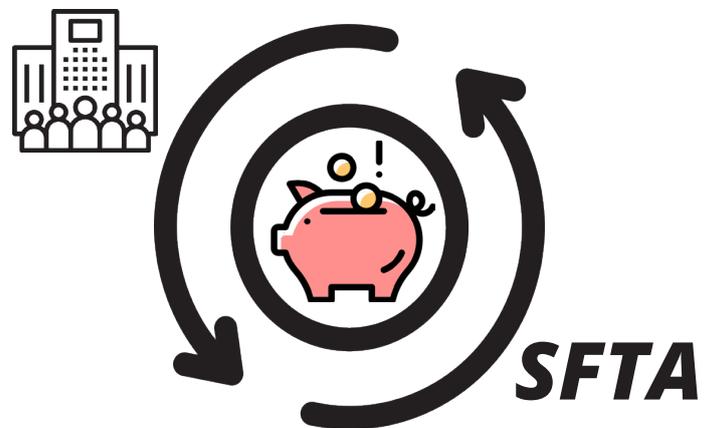
For a company to be able to meet its current payment obligations, it must be liquid. The liquidity of a company is essential for its continued existence. Especially in economically difficult times, such as those caused by the COVID-19 pandemic, it is extremely important to pay attention to all sources of liquidity. Don't forget the input VAT and get your money back in time!

COVID-19 affects companies at all levels. One of the biggest business challenges is to manage cash and liquidity. The Federal Council has provided special measures to deal with the current situation, be it through short-term credit, payment deferrals, waiver of interest on arrears, etc. Nevertheless, the sources of liquidity already available must not be forgotten: Declare the deductible input VAT in your company at the earliest possible time and/or submit the input VAT refund applications as a foreign company to the tax authorities in good time!

When does the right to deduct input VAT arise for taxable companies?

In the case of declarations according to **agreed consideration**, the right to deduct input VAT arises at the time of receipt of the invoice. The invoice date is always decisive for the allocation of the invoice to the corresponding period. In the case of declarations according to **collected consideration**, the entitlement to input VAT deduction only arises at the time of payment of the invoice.

In the case of import VAT, the right to deduct input VAT arises at the end of the accounting period in which the tax was assessed, i.e. when the customs declaration has been accepted and the import VAT has been assessed by means of an assessment note issued by the Swiss Federal Customs Administration (SFCA).



What do I have to consider?

The right to deduct input VAT expires five years after the end of the calendar year in which it arose. Thus, if certain input VAT was forgotten to declare in previous quarterly VAT returns, the corresponding amounts can still be reclaimed retroactively as long as the limitation period has not yet expired.

Can non-taxable companies also reclaim input VAT?

Foreign companies, that are not liable for VAT in Switzerland and do not perform any supplies here, can reclaim the Swiss input VAT incurred as part of the VAT refund procedure, if their entrepreneurial status is proven by the foreign tax authorities and the country of domicile grants the counterclaim. A corresponding application covering a calendar year must be submitted to the Swiss Federal Tax Administration (SFTA) together with the original invoices (local VAT) or with the assessment notes of the SFCA (import VAT) **by 30 June of the following year at the latest**. For this purpose, the applicant must appoint a fiscal representative with residence or business domicile in Switzerland.

What does this mean for my company?

Often companies are not aware which input VAT they can reclaim in which countries. Among the most common expenses on which foreign companies have to pay VAT are travel expenses or local purchases of goods and services for a local trade fair/exhibition. For example, in over 30 European countries, where VAT rates are up to 27%, the VAT refund procedure exists. The basic requirements of the refund application are generally the same everywhere. The application periods usually run until the end of June or the end of September, rarely until the end of December of the following year. An extension of the deadline is not possible anywhere. In these cases, there is then no right to claim back the paid local VAT that has accrued.

It is definitely worth checking whether input VAT has been paid within the scope of the legal possibilities, whether in the regular VAT returns or in VAT refund applications.

As your VAT and customs team, we will be happy to assist you in checking your input VAT deductions or to act as your fiscal representative for VAT refund applications in Switzerland.

With best regards from your VAT team

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