About the global EY organization
The global EY organization is a leader in assurance, tax, transaction and advisory services. We leverage our experience, knowledge and services to help build trust and confidence in the capital markets and in economies all over the world. We are ideally equipped for this task – with well trained employees, strong teams, excellent services and outstanding client relations. Our global purpose is to drive progress and make a difference by building a better working world – for our people, for our clients and for our communities.

The global EY organization refers to all member firms of Ernst & Young Global Limited (EYG). Each EYG member firm is a separate legal entity and has no liability for another such entity's acts or omissions. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information, please visit www.ey.com.

EY's organization is represented in Switzerland by Ernst & Young Ltd, Basel, with 10 offices across Switzerland, and in Liechtenstein by Ernst & Young AG, Vaduz. In this publication, "EY" and "we" refer to Ernst & Young Ltd, Basel, a member firm of Ernst & Young Global Limited.

CDS0039686
ED None

www.ey.com/ch

Are you ready for the year-end payroll process

Building a better working world

Are you ready for your year-end payroll process?

As an employer, you have the obligation to ensure that employment compensation is fully transparent to the employees as well as complete for the tax authorities. For sure, this is not always easy to achieve, as legal requirements and general complexities within the payroll are constantly arising.

Are you sure you report foreign and Swiss equities correctly?

Did your know that the amount of foreign equities should enter into the taxable base to calculate the tax at source rate? If this is not managed properly, this could result in additional taxes to pay.

Since 2013, the new Federal Law on taxation of equity-based compensation has been amended, which has impacted reporting and withholding obligations for employers.

Any gain that a taxpayer realizes when no longer a Swiss tax resident at the date of the taxable event may be subject to tax in Switzerland based on specific time apportionment rules if a portion of the realized gain is related to work performed in Switzerland. In these cases, the Swiss-based company is obliged to withhold income tax at special tax rates and potentially also to comply with Swiss social security rules depending on the employee's specific circumstances.

The Swiss-based company also has extended reporting obligations in connection with imported and exported equities that require complete and constant tracking of international employee moves, their individual tax situation as well as their employee participation rights holdings.

The Swiss employer must provide a specific equity enclosure along with the employee's annual salary certificate. This enclosure needs to report correctly the income realized by the employee during the year and provide a general overview of the main features of the equity plan. Reporting is also required for any employees who have been granted equity where the income is not yet realized as well as for employees on a temporary assignment.

What are your key points to review?

Reviewing the tracking and reporting processes, ensuring that all relevant information is available and communicated fully by your foreign entities should be your key considerations. Special attention also needs to be paid to executives, to ensure a correct revenue projection and realistic tax planning.

Your salary certificate is the key document in payroll accounting and serves as the basis for assessing employees' tax liability.

Are you ready for year-end ?

If you have not adapted your payroll system, you should consider such changes now and include any payments in the December payroll at the latest, especially, if changes lead to higher social and/or tax deductions for employees.

If you cannot handle them through your December payroll, you should already think of a process to calculate contributions and declare this using a complementary declaration for the current year.

Furthermore, do not forget to update the mapping of your salary certificate. Some of your wage types might have to be reclassified.

Note that if you forget it… the social insurances auditors will not! and will calculate interest on each taxable amount per year!

As experts on the topic, we can help you be compliant, avoid risks, and reduce your costs.

If you are uncertain about how to proceed, don't hesitate to get in touch with us.

Your People Advisory Services contacts

Gerard Osei-Bonsu
Partner
Phone +41 58 286 43 24
gerard.osei-bonsu@ch.ey.com

Radmilla Del Pozzo
Senior Manager
Phone +41 58 286 56 98
radmilla.delpozzo@ch.ey.com

Sandrine Berrette
Senior Manager in Payroll
Phone +41 58 286 56 25
sandrine.berrette@ch.ey.com