

# IFLR

INTERNATIONAL FINANCIAL LAW REVIEW

## INTERNATIONAL BRIEFINGS 2015



### Switzerland

Bär &amp; Karrer

## Improvements to expatriate ordinance

**O**n January 16 2015, the Federal Department of Finance (FDF) published the revised wording of the Expatriate Ordinance (ExpaV, SR 642.118.3) which will enter into force on January 1 2016. The new ExpaV confirms Switzerland as an attractive place for employees from abroad, due to the higher enforceability of the deductions provided for in the ExpaV. According to the revised ExpaV, the following amendments may be considered the main changes compared to the existing law.

### Expatriate status

The revision of the ExpaV leads to a more narrowly defined scope of covered expatriates. To qualify as expatriates in the technical sense of Swiss tax law, both key employees and specialists are required to work in Switzerland on an assignment basis. This is defined as an activity limited to five years and requiring the employee's intention to return to their prior place of residence after the assignment. Individuals qualifying as expatriates as per January 9 2015, under the terms of the existing ExpaV will maintain their expatriate status until the end of their assignment. For the remainder of their term, the new legal provisions will, however, apply as of January 1 2016.

### Deductions

The amended ExpaV, in principle, maintains the deductions for professional expenses incurred by expatriates: travel expenses to and from Switzerland; relocation and housing costs; and, school fees for minor foreign-language speaking children. The revised wording, however, sets higher requirements for the deductibility

of such costs and unifies the treatment among the cantons to a certain degree. In the future, for example, only necessary (rather than usual) travel expenses can be claimed and expatriates' housing costs will be deductible only if a dwelling abroad is not only permanently maintained but also maintained for the expatriate's own use (that is, not rented out). Generally, the deduction can be claimed via a lump-sum deduction of SFr1 500 a month or via the deduction of the effective costs.

Overall, the industry conceives the outlined amendments regarding the deductions as an improvement and a positive development for the attractiveness of Switzerland as a business location. The more narrowly defined scope of the ExpaV and the expected additional requirements with regard to salary certificates will, however, lead to a noticeable impact particularly on companies and their payroll providers. Measures will have to be implemented in due course by employers and payroll providers internally and vis-à-vis authorities.

*Daniel Bader and Ruth Bloch-Riemer*

Bär &amp; Karrer

Brandschenkestrasse 90  
CH-8027 Zurich  
Switzerland

Tel: +41 58 261 50 00

### International Financial Law Review

For 30 years IFLR magazine has covered significant developments in the law of international finance. It is essential reading for banking, corporate and private practice lawyers. IFLR partners with local experts to provide its international readers with concise briefings on the latest developments in the jurisdictions they operate in.

[Click to access the latest issue.](#)

