

Adjustment of VAT rates as of 1.1.2024

## Customer information

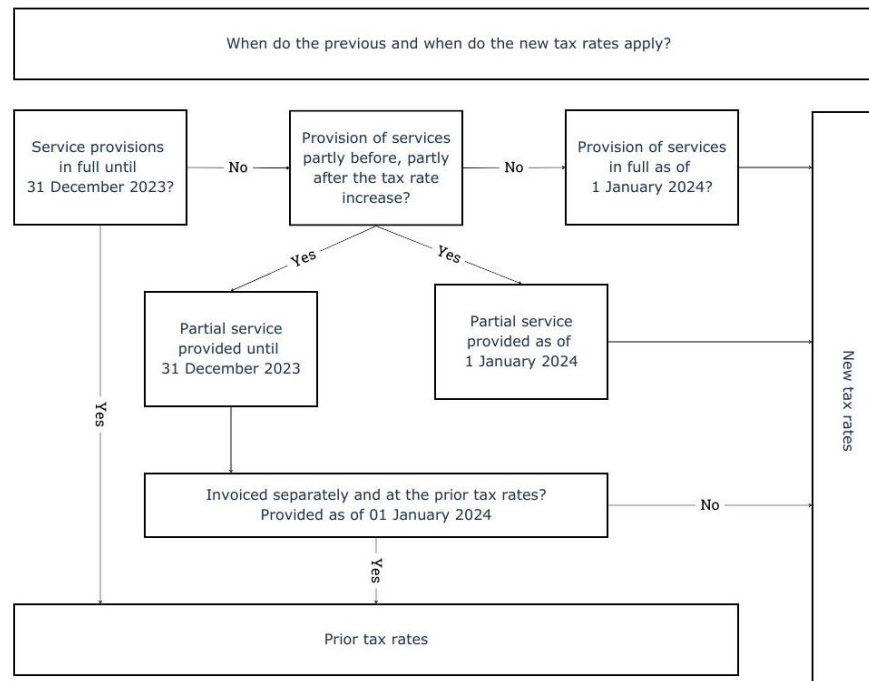
### Initial situation

As of 1.1.2024, the Swiss VAT rates will be adapted. Since this is not a reduction as was the case with the last changes five years ago, a potential tax risk arises if the billing is not correct.

Adjustment of VAT rates	Until 31.12.2023	As of 1.1.2024
Normal tax rate	7.7%	8.1%
Reduced tax rate	2.5%	2.6%
Special rate for accommodation	3.7%	3.8%

The following points should be given special attention for the changeover:

- The applicable tax rate is based on the time the service is rendered, not on the date of invoicing or payment.
- For periodic services (e.g., subscriptions), the period of the service provision is decisive.
- If services which are subject to both the previous and the new tax rates (due to period of their provision) are listed on the same invoice, the date or the period of the service provision and the respective share of the amount attributable to it must be shown separately. If this is not the case, the entire invoiced services must be charged at the new tax rates. The correct allocation can also be proven in another way.
- Tax shown is tax due.
- A subsequent adjustment of the tax is possible under certain conditions.



MWST-Info 19 (translated)

The adjustment of VAT rates leads to various special cases, which are explained in VAT Info 19 of the Federal Tax Administration (FTA). Among other things, the effects on the construction, hotel and catering industries and energy companies are shown, as well as the effects on rental and leasing transactions and transactions that retroactively affect the year 2023. It also contains information on sales bonuses or reductions in remuneration.

### **Recommendations**

We recommend identifying the sections at an early stage and discussing the procedure for the changeover with the relevant partners. We will be happy to answer any questions or clarifications you may have.

### **Services provided**

- It is necessary to check whether multi-year services exist and how their progress and billing is/can be documented.
- It has to be determined how and who can establish a corresponding project progress.
- We recommend that all projects be invoiced by partial invoice as of 31.12.2023. Document this step in a suitable form.
- Check whether your invoicing systems can also map the new VAT rates. Check how and when the VAT must be converted.

### **Services received**

- Identify and document awarded contracts that exist over several years.
- Clarify with the respective suppliers how the invoicing as well as the performance of services is documented.
  - o Currently, the tax authorities' handling of the rate change concerning the reference tax is not yet known. In VAT Info 19, the FTA explicitly points out that the purchase tax must also be declared according to the rates. Therefore, in the case of multi-year services from foreign service providers, partial invoicing as of 31.12.2023 should also be agreed.
  - o If possible, have partial invoices sent to you as of 31.12.2023.
  - o In the case of invoices that show services over several years, the services must be shown with both VAT rates.
- In the case of standing orders such as rent or leasing, there may also be changes in the amount. These must be checked and adjusted if necessary.
- Here too, check whether your accounting system can process the new VAT rates.

(No guarantee for completeness)

Even though VAT rates have already been adjusted in the past, the last increase was more than ten years ago. To counteract the tax risk, it is advisable to agree on partial invoices with suppliers and to invoice your own services as of 31.12.2023.