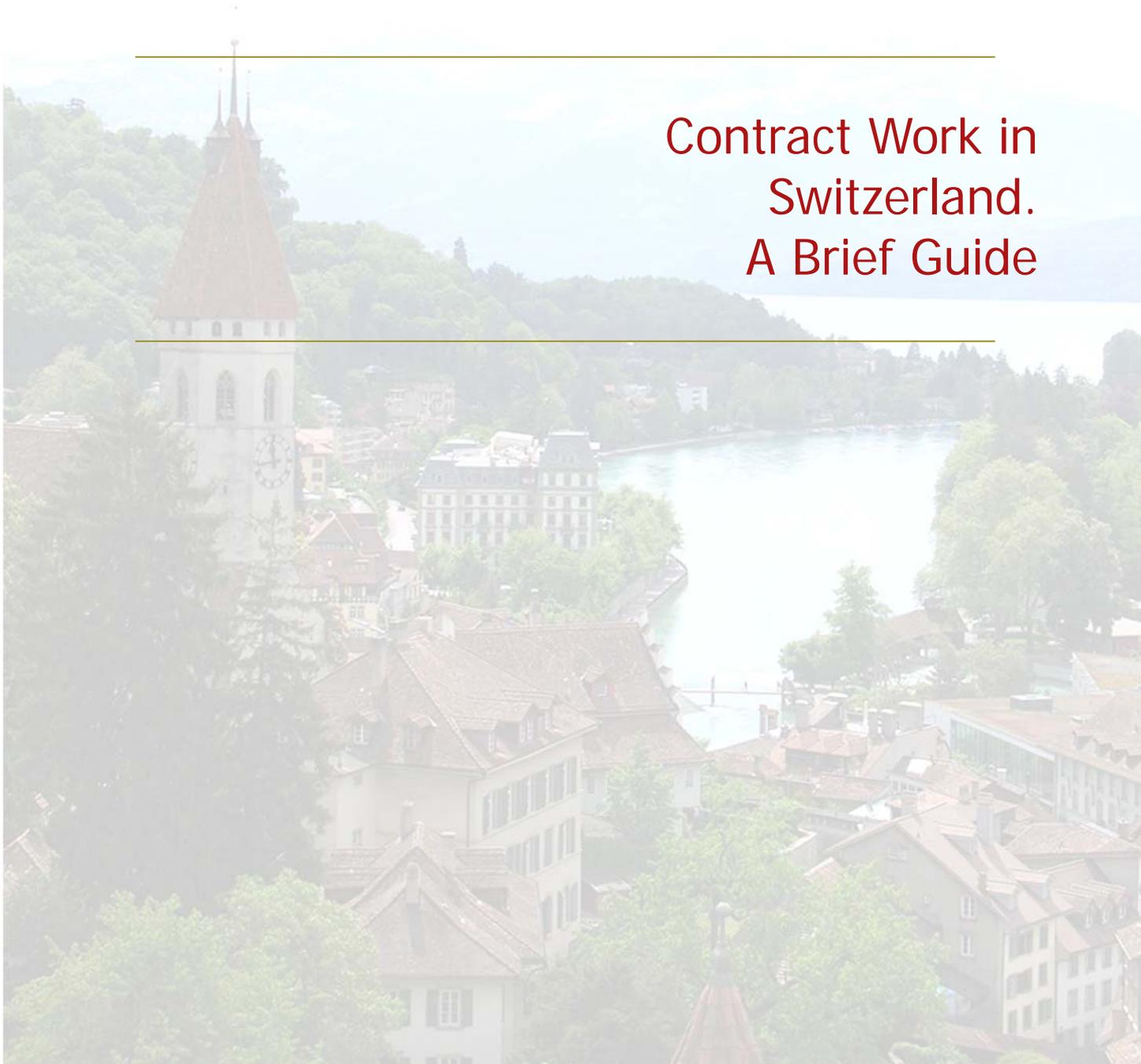


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Contract Work in  
Switzerland.  
A Brief Guide

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## Introduction to Swissroll

**There are approximately 1,000,000 foreign employees in Switzerland, 25% of which commute from outside the country.**

Swissroll are registered with the State Secretariat for Economic Affairs (SECO) and the Employment Service to engage in labour leasing and payroll management activities within Switzerland. Labour leasing is defined as employing an individual who is then supplied to work under the control of another party that is not the contractor's actual employer. This business is tightly regulated in Switzerland to protect both the worker and control the Swiss labour market.

This guide is of equal application to the Swiss client engaging contract staff, the recruitment companies they deal with and the contractors themselves. Swissroll will take you through a summary of Swiss employment and labour leasing laws and explain what is permissible under Swiss law and what is not. We will show you that solutions proposed by Swissroll are not only a simple and effective way to ensure that everyone involved stays within the law but that the financial results for the contractors are more attractive than many competing offers available in the market.

As a labour leasing company, we take care of all contracting formalities and legalities for companies, agencies and contractors. Our services benefit the employer by looking after local compliance, the agency by ensuring them a satisfied client and, of course, the contractor by maximising his earnings by providing legally compliant solutions. All of our solutions maximise the take-home-pay in a legitimate manner by reducing the burden of tax and social security.





## What differentiates Swissroll from other management companies?

- Swissroll is authorised to operate as a labour leasing company in Switzerland.
- Working in partnership with Swissroll will ensure all parties are respectful of the law and run no risk of being fined for illegal employment operations.
- Swissroll will help ensure all work permit requirements are met.
- The contractor is provided with a full declaration payslip with tax and social security deductions.
- Higher retention rates can be offered to the contractor through the use of approved Swiss pension schemes.
- Provision of an efficient payroll service, ensuring contractors receive their payments rapidly.
- Access to the best banking system in the world. We can assist the contractor to open a Swiss bank account if necessary. We can also pay contractors anywhere they want and in most major currencies.
- Information and advice provided about travel and accommodation

**Our Expertise of the Swiss labour market and Swiss employment law ensures that we provide you with professional and legally compliant advice.**





# Contributions

Social Security	Employer	Employee
AHV/IV/EO (state pension/invalidity insurance / maternity + military loss of income insurance)	5.15%	5.15%
AHV administration costs	0.6% *	(AHV contribution x 2)
ALV (unemployment insurance)	1.1%	1.1%
ALV II (unemployment solidarity contribution)	0.5%	0.5%
Accident insurance	0.09%	0.99%
Family benefit contribution	1.6%	

## AHV/IV/EO (German acronym)

This is the equivalent of a state pension contribution and may often be referred to as **pillar 1** of the Swiss pension and benefit system. It includes a variety of benefits in addition to the national retirement pension. Contributions for one year or more will entitle the contributor to a state pension or access to any of the other benefits linked to this on retirement either in Switzerland or your state of retirement.

## ALV (German acronym)

Contributions are made to the Swiss unemployment insurance. Contributors are entitled to Swiss unemployment benefit by contributing 12 months in the last 24. International transfers of contributions are also possible.

## ALV II (German acronym)

This is a solidarity contribution where earners over CHF 126 000 (pro rata per annum) pay an extra contribution to the unemployment benefit pot

## BU/NBU (accident insurance)

This is an insurance against accidents at work and free time. Salary and medical costs incurred as a result of accident are insured.

## Social charges

\* This is the basic compulsory insurance for all person who live or work in Switzerland.

\*\* The % rate applies to wages up to CHF 126,000 per year.

\*\*\* The % rate applies to wages between CHF 126,000 and 315,000 per year. Above this amount the individual is not subject to further insurance.

\*\*\*\* Contributions to family allowance schemes vary across cantons. Specific rules apply to resident foreign employees if their children live outside Switzerland.

Being employed by Swissroll, the contractor will receive a payslip proving all compulsory deductions have been paid and ensuring the contractor remains within Swiss law.

## Child Benefit

Employees may in most cases make child benefit claims whilst resident in Switzerland even with children remaining outside of the country. Claims can be made for "children" up to the age of 25 if they are still in education.

## Company pension fund

The Swissroll employee contributes to the company pension fund (BVG – German acronym) also known as pillar 2 sits on top of pillar 1 and houses the same benefits. It is compulsory for all employees earning over CHF 24 675 per annum (pro rata) (2015). The employer contributes at least 50% of the contribution and contributions increase with age. Employees with contracts of less than 3 months may be exempt from the contribution and in some cases savings made in the fund maybe paid out after leaving Switzerland.

Swissroll will apply the Compulsory Pension Plan.

Men's Age	Women's Age	Contribution Saving (estimated figures)
25-34	25-34	7%
35-44	35-44	10%
45-54	45-54	15%
55-65	55-64	18%

Swissroll has preferred partners who can help the contractor build long-term investments and start a 3rd pillar scheme. Please ask us for more information.

## Health Insurance

Health insurance is compulsory for everyone living in Switzerland and must be obtained within three months of arrival. Swissroll can advise the contractor on obtaining a health insurance scheme via our insurance partners.

## Income Tax

Income tax is deducted under 'Withholding tax' rules (deductible at source) by the canton you are resident in if you are neither a Swiss citizen nor a C permit holder. The average rate, depending on income and canton, is 8 to 28%. This is lower than in most other European countries.



# Federal Employment and Labour Leasing Law

## What is authorised?

- A client in Switzerland can hire labour from a Swiss licensed Resource Management company.
- A non Swiss-Resident Recruitment company can send contractors to work in Switzerland as long as a Swiss licensed Resource Management company engages them.
- A foreign Recruitment company can operate in Switzerland itself if it opens a local office, registers itself accordingly and obtains the relevant labour leasing licenses from the Swiss authorities.

## What is not authorised?

- A foreign Recruitment company is not authorized to supply contractors to a Swiss based company.
- A foreign recruitment cannot invoice a Swiss client directly for services of labour.

## Background

The State Secretariat for Economic affairs (SECO) provides regulation to the Swiss Employment Market, which protects the employees themselves from being exploited. It ensures that all the correct tax and social security contributions are respected and that aspects such as minimum salaries are met. In addition, since the “Free Movement of Persons” Agreement between Switzerland and the EU the Swiss Labour market has become somewhat liberalized and there has been an influx of skilled workers into Switzerland from countries with a far lower minimum wage. SECO and their social partners ensure that these workers are not paid below a minimum salary level in Switzerland for their skills and experience. SECO therefore licenses Resource Management Companies to ensure these conditions are fulfilled.

To obtain the Labour Leasing Licences (Cantonal and Federal) the requirements and procedures are very strict and onerous; even to the extent of having to place a bank guarantee or bond to the value of 100,000 CHF as a guarantee against salary and social security claims.

Any breach of the Labour Leasing rules by a Swiss resident company is punishable by heavy fines and eventually a custodial sentence.

Those who organise or help illegal workers enter Switzerland can face possible imprisonment and be fined up to CHF 100,000. Employees without permits have no entitlement to federal or company pensions, unemployment pay, health or accident insurance and no job protection, even if they normally have the same rights as other workers.



## Summary of our role

Our solutions help contractors maximise revenue while contracting abroad. We assist contractors to achieve more in the market by way of optimum tax planning and income handling in their home and work countries.

### Swissroll offers:

- Solutions precisely geared to the clients' needs; we do not operate one-size-fits all for our own convenience. Our custom, end-to-end solutions are compliant, flexible and uncomplicated.
- Timesheet, invoicing, payroll and payments system to ensure we follow the contractor's instructions faultlessly.
- To manage invoices generated and their payment due dates and ensure that the amount is received fully and on time.

### Employment solution for Contractors (see next page for detailed solution)

#### We offer to:

- Help obtain a work permit for the contractor.
- Employ the contractor legally through Swissroll.
- Place the contractor on our Swiss payroll.
- Arrange Health Insurance cover for the contractor.

#### We provide:

- Legal employment for the contractor during their temporary mission in Switzerland.
- Higher retention rate possible through approved Swiss pension scheme.
- Full declaration payslips with tax and social security deductions.

### Contractors: working for a Swiss-based company

A contractor cannot work at a Swiss-based company using a recruitment agency based abroad.

A contractor cannot be supplied to a Swiss-based company by a management company not authorised to labour lease in Switzerland.

A contractor cannot use his own foreign limited company to work through a Swiss-based Resource Management Company for more than 3 months. After this period the individual will have to be employed by a Swiss management company.

A contractor wishing to work for a Swiss-based company is best managed through a Swiss-based Resource Management Company authorised to lease labour in Switzerland.





# Switzerland Employed Solution Summary (Companies, Agencies & Contractors)

## Status of contractor

Contractors will receive an employment contract and will be a direct employee of Swissroll.

## Work permits and Registration

Obtaining a work permit for contractors from the established EU states is a straightforward process. It is more difficult however for citizens from the newest EU entrant states (Bulgaria, Romania and Croatia) and more difficult again for non-EU nationals. For short term contracts of 90 days or less citizens from the established EU states may work in Switzerland via an independent and separate registration process, which should be completed by the employer. If the contract is thus extended and surpasses 90 days then a full work permit is required.

Permits generally given to contractors are L permits for contracts of the duration of 12 months or less or B permits for permanent employees or for contracts of longer than 12 months. Non-EU nationals must hold an entry VISA issued from their local Swiss embassy in order to be able to register and obtain a work permit in Switzerland.

## Taxation

The tax year is January to December.

Income tax in Switzerland is very complex and in most cases is levied on Federal, Cantonal and Communal levels. For further and specific details please refer to our Rules and Regulations page or contact us directly.

## Social security

Overall social security costs in total for employer and employee are approximately 15% but it is important to point out that the Swiss social security contributions do not cover Health Insurance. Health Insurance needs to be taken out separately.

## Health Insurance

There is no national health service in Switzerland and the private individual arranges coverage for themselves in most cases and must legally be arranged within 90 days of arrival in Switzerland. There are varying levels of health cover and these levels determine your choice of doctor and hospital. Swissroll can guide you through this process and help you choose the right level of cover.

## Expenses

In most cases, expatriates are able to deduct or offset certain expenses in one form or another. It is usually imperative that receipt or proof is provided. Application of the laws and regulations can vary from canton to canton. For further information please contact us.

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