



Completing your tax form

Sometime during the first two months of 2009 the last remnants of festive joy will be quelled by the sound of the 2008 tax form landing in your post box. In this article we look at how to prepare yourself to avoid the annual stress associated with filing tax returns.

By Brien Donnellon | Before starting on your form or delegating it to an accountant, ensure you have all the required paperwork at hand. We recommend you prepare a file or large envelope and put aside the relevant documents, especially your end-of-year bank statements as they arrive in the January post.

What follows is a checklist containing the most important information required to complete your form.

General information

- Copy of your last tax form
- Names and dates of birth of your spouse and children, plus any person you are financially responsible for (if different from last year's tax form)
- Your official address as of December 31st and details if a move has taken place during the past year
- Your religion(s)

Income

- Salary declaration (end-of-year salary summary sent by your employer)
- Details of other income not declared on your salary sheet (from a spouse or other job) in and out of Switzerland
- Income from insurances (state pension, company pension, annuities, etc.)
- Bank statements of annual interest
- Confirmation of any daily allowance (sickness, accident, unemployment benefit insurance, etc.)
- Company shares/options
- Alimony
- Income from undistributed inheritance
- Capital payments from pension funds, gifts, wills, etc.
- Lottery profits

Deductions

- Family health insurance premium (listed individually)

- Distance to work in kilometres and mode of transport to work
- Official confirmation of pillar 2 voluntary contribution (company pension), and 3a and 3b investments (personal pensions with a bank or insurance company)
- Donations to charity
- Payments for person(s) you are financially responsible for; alimony payments
- Details of charges for asset management including custody charges
- Details of interest charges on loans and credit cards interest
- Self-financed continuing education courses (spreadsheet summary with course fees, travel and accommodation receipts)

Assets

- Details of life insurances
- Year-end bank account balances

- Details about car/boat – model and year of registration, the purchase value, the current value and the purchase date (this isn't required if the car/boat is leased)
- Details of other assets (jewellery, paintings, etc.)
- Details of debts and loans
- Custody account statement
- Undistributed inheritance
- Company assets

For property owners

- Rental income derived from property
- The cantonal property income valuation, if different from the last tax period
- Statement of account from your property management company
- Details of renovation and maintenance costs

Calculating your tax burden

Tax at source: If you are an expatriate and have not yet been granted a C-permit, your tax will be withheld by your employer from your monthly paycheck.

If your gross income is less than SFr 120,000, you will not have to complete a tax form and must separately reclaim the tax on voluntary contributions to pillar 2 or 3a. Usually your employer will lower your tax rate following your pillar 2 contribution, but if not, then you must take action and write to the municipal tax office.

If however, you pay into the pillar 3a then you must apply to the municipal tax office for the rebate. In both cases the registered letter should be sent in January and include your name, address, state insurance identification number, your bank account details for the rebate and the official receipt of payment.

Security tax: In most cantons if you have a B-permit and earn more than SFr 120,000, you will still have tax deducted at source, but will also be obligated to complete a tax form.

Your employer deducts and forwards your tax at source to the cantonal tax-at-source department, who in turn sends the money to the regular cantonal tax department.

This system is confusing and if the money isn't forwarded punctually, then as often happens, the system will generate an invoice without taking into account the amount you have already paid. This can be very frustrating, but only requires a phone call to the municipal tax

office where they usually confirm that you can dispose of the invoice.

Regular tax system

Once you are a C-permit holder, you will have to complete a tax form and will be taxed in the same way as a Swiss citizen. No income tax deduction (tax at source) is taken from your salary, which means you must budget accordingly.

Once you have calculated your taxable income, your tax burden can be determined by using one of the many online tax calculators, often located on your canton's tax department website. Do not forget to calculate the federal tax. We recommend setting up a bank account especially for putting tax money aside. It is best to set up a standing order and transfer the appropriate amount each month.

A general tax calculator for the 26 cantons and federal taxes can be found at: www.estv.admin.ch/e/dienstleistungen/steuerrechner/steuerrechner.htm, or to include your municipality, go to your cantonal website.

Completing the form

Completing your tax form electronically is quite simple and can be much faster than filling out paperwork. You can ask your local tax authority for the software on a CD – usually available for free – or you can download the software from the Internet.

Start by completing the auxiliary pages. Once they are complete, the online software will transfer the results onto the main form. If you are completing the form in hard copy, the totals from the auxiliary pages will be used on the main form.

Once complete, sign the main form and the auxiliary pages, make a copy, and then forward them – preferably by registered post – to the municipal tax office. They will check the form and if everything is correct, forward the form to the cantonal tax department for a detailed audit.

Provisional invoices

Provisional invoices for the current year's tax bill are sent out in the fall of that year based on your income from the previous year. The authorities check your tax return later on in the new year and send you a final assessment. If you disagree with the assessment you can lodge an appeal within 30 days.

The tax burden differs considerably, depending upon where you live in Switzerland. Swiss income tax rates are progressive, and different rates usually apply for married versus single taxpayers because income earned by married couples is combined and taxed as one.

Final recommendations

Taxes are a necessary evil and essential to financing a government and maintaining the Swiss standard of living.

For a single person with an average salary who also does not own property, the tax form is straightforward. If, however, your finances are more complicated we recommend you seek professional advice, if only for filing your first return or when something changes with your financial situation.

A good adviser offers guidance on tax saving investments, and provides business advice if necessary. If you decide to complete your own tax form we hope this article is useful; however, if not, we are here to help you!

Brien Donnellon

Brien Donnellon is the owner of KEY INVESTMENT, a financial services company providing unbiased financial advice and solutions for Swiss-based expats, HR departments and foreign investors.



The company, formed in 1997, is authorised and regulated by the Swiss Federal Banking Commission.

For further information please visit: www.keyinvestment.ch

Or you can email bd@keyinvestment.ch, or call 081 257 13 14.