

Tax 2011

Vaud



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Tax 2011 Vaud

The information in this brochure gives a general overview of taxation at Federal level and in the canton of Vaud. It is aimed at readers with a sound knowledge of Swiss tax law and of the relevant legislation in Vaud, and is intended as a source of reference material. This information does not claim to be exhaustive and cannot in any way be a substitute for the advice of a taxation expert.

It discusses general law, rather than exceptions to it or optimal tax planning.

DFT: Direct Federal Tax (French: IFD)
CT: Cantonal Tax (IC)
CMT: Cantonal and Municipal Tax (ICC)
CHF : All amounts are in Swiss francs

July 2011



Individuals

Individuals

1 Income

1.1 Rates

Single taxpayer, without dependents, domiciled in Lausanne

Income	CMT	DFT	Total tax	Global rate
25,000	3,163	82	3,245	12.98%
50,000	8,132	449	8,582	17.16%
75,000	14,021	1,258	15,279	20.37%
100,000	20,805	2,891	23,695	23.70%
125,000	28,114	5,025	33,139	26.51%
150,000	35,712	7,579	43,291	28.86%
175,000	43,598	10,329	53,927	30.82%
200,000	51,735	13,629	65,364	32.68%
250,000	68,732	20,229	88,961	35.58%
300,000	86,622	26,829	113,451	37.82%
400,000	120,000	40,029	160,029	40.01%
500,000	150,000	53,229	203,229	40.65%
1,000,000	300,000	115,000	415,000	41.50%

Married taxpayers, without dependents, domiciled in Lausanne

Income	CMT	DFT	Total tax	Global rate
25,000	2,303	0	2,303	9.21%
50,000	6,624	219	6,843	13.69%
75,000	11,466	889	12,355	16.47%
100,000	16,808	1,992	18,800	18.80%
125,000	22,673	3,593	26,266	21.01%
150,000	29,103	6,159	35,262	23.51%
175,000	36,039	9,409	45,448	25.97%
200,000	43,276	12,659	55,935	27.97%
250,000	58,173	19,159	77,332	30.93%
300,000	73,720	25,659	99,379	33.13%
400,000	106,519	38,659	145,178	36.29%
500,000	141,369	51,659	193,028	38.61%
1,000,000	300,000	115,000	415,000	41.50%

(2011 scales)

Individuals

Married taxpayers, one dependent, domiciled in Lausanne

Income	CMT	DFT ¹	Total tax	Global rate
25,000	1,981	0	1,981	7.93%
50,000	5,895	0	5,895	11.79%
75,000	10,558	639	11,197	14.93%
100,000	15,529	1,742	17,271	17.27%
125,000	20,826	3,343	24,169	19.34%
150,000	26,694	5,909	32,603	21.74%
175,000	32,879	9,159	42,038	24.02%
200,000	39,398	12,409	51,807	25.90%
250,000	54,681	18,909	73,590	29.44%
300,000	70,355	25,409	95,764	31.92%
400,000	103,190	38,409	141,599	35.40%
500,000	137,994	51,409	189,403	37.88%
1,000,000	300,000	114,750	414,750	41.48%

Married taxpayers, two dependents, domiciled in Lausanne

Income	CMT	DFT ¹	Total tax	Global rate
25,000	1,779	0	1,779	7.11%
50,000	5,388	0	5,388	10.78%
75,000	9,782	389	10,171	13.56%
100,000	14,484	1,492	15,976	15.98%
125,000	19,599	3,093	22,692	18.15%
150,000	24,872	5,659	30,531	20.35%
175,000	30,716	8,909	39,625	22.64%
200,000	36,673	12,159	48,832	24.42%
250,000	50,986	18,659	69,645	27.86%
300,000	67,039	25,159	92,198	30.73%
400,000	100,108	38,159	138,267	34.57%
500,000	134,933	51,159	186,092	37.22%
1,000,000	300,000	114,500	414,500	41.45%

(2011 scales)

¹ In respect of DFT, taxable income for married taxpayers with dependents is subject to a flat-rate reduction for each dependent.

Individuals

1.2 Municipal percentages

Municipal rates for the main places in the Canton, as percentages of the basic tax rate.

	2010	2011
Aigle	70.00%	64.00%
Avenches	70.00%	66.00%
Bussigny-près-Lausanne	67.00%	61.00%
Chavannes-le-Veyron	85.00%	79.00%
Coinsins	39.00%	33.00%
Coppet	63.00%	53.00%
Ecublens	66.00%	60.00%
Epalinges	70.00%	64.00%
Gland	66.50%	60.50%
Gollion	80.00%	74.00%
La Tour-de-Peilz	70.00%	64.00%
Lausanne	83.00%	77.00%
Montreux	70.00%	64.00%
Morges	72.50%	66.50%
Moudon	77.00%	71.00%
Nyon	65.00%	59.00%
Ollon	72.00%	66.00%
Payerne	77.00%	71.00%
Prilly	77.50%	71.50%
Pully	69.00%	63.00%
Renens	81.50%	75.50%
Rolle	63.50%	57.50%
Vevey	77.00%	71.00%
Yverdon-les-Bains	80.50%	74.50%

Reminder: The cantonal tax rate for Vaud is 157.50% of basic tax.

Individuals

1.3 Deductions¹

Related to occupational activities		CMT	DFT
Retirement pension and surviving dependents' insurance (AVS)/ Disability insurance (AI)/ Insurance for loss of earnings (APG)		100%	100%
Unemployment insurance (AC)		100%	100%
Accident insurance (AA)		100%	100%
Maternity insurance (APG - Amat)		100%	100%
Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG/LPP) ²		100%	100%
Pillar 3A ²		100%	100%
Work done by spouse	min.	-	8 100
	max.	1,700	13 100
Deduction for married couple	max.	1,300	2 600
	Single-parent family	max.	2,700
		Per dependent child	max.
Travel expenses ^t			
- up to 15,000 km		0.70 cents per km	0.70 cents per km
- 15,001 km or more		0.35 cents per km	0.35 cents per km
Business and professional expenses	min.	2,000	2,000
	max.	4,000	4,000
Meal costs	max.	3,200	3,200
Costs for training, retraining or rehabilitation		100%	100%
Childcare costs	min.	600	-
	max.	7,000	10,000
Medical costs		CMT	DFT
Non-reimbursed medical costs in excess of 5% of net income		100%	100%

(2011 scales)

1 Tax cap: Cantonal and municipal income and wealth tax must not exceed 60% of the taxpayer's net income, subject to a notional net income corresponding to 1% of net wealth.

Reduction in tax on dividends for shareholders holding at least 10% of a company's share capital. Dividends are taxed at 70% of their value if the shares are included in the private assets, or at 60% if they are included in the business assets. At Federal level, the applicable percentages are 60% and 50% respectively.

2 Subject to the limits stipulated by Federal law.

Individuals

Purchase of (missing) years of insurance	CMT	DFT
Purchase of (missing) years of insurance ¹	100%	100%

Dependents	CMT	DFT
Per dependent child	-	6,400
Per «person in need»	3,200	6,400

Health and life insurance	CMT	DFT
Single ^{2, 3}	2,000	1,700
Married ^{2, 3}	4,000	3,500
Per child or dependent ²	1,300	700

Interest on capital savings²	CMT	DFT
For one single person	max. 1,600	-
For one couple	max. 3,200	-
Per child or dependent	max. 300	-

Others	CMT	DFT
Donations equivalent to 20% of net taxable income	100%	100%
Pensions and annuities paid ⁴	100%	100%
Interest on debts ⁵	100%	100%

(2011 scales)

- 1 Subject to the limits stipulated by Federal law.
- 2 For DFT: premiums for health and accident insurance / interest on capital savings are included in the flat rate for life insurance / return on savings.
- 3 For DFT, these amounts are solely applicable to taxpayers who contribute to recognized occupational pension insurance plans

- 4 Maintenance pensions awarded to an ex-spouse (or "registered partner" as defined for Swiss taxation purposes) and to minor children.
- 5 Up to the amount of the return on the assets, plus CHF 50,000. Certain types of interest are excluded due to their nature (leasing, construction).

Individuals

1.4 Sample calculations

Taxpayers with taxable income of CHF 150,000

	Single		Married couple with two dependents	
DFT	7,579		5,659	
Cantonal tax	23,986		16,705	
Municipal tax	Lausanne	Coinsins	Lausanne	Coinsins
	11,726	5,025	8,167	3,500
Total	43,291	36,590	30,531	25,864

Taxpayers with taxable income of CHF 250,000

	Single		Married couple with two dependents	
DFT	20,229		18,659	
Cantonal tax	46,163		34,244	
Municipal tax	Lausanne	Coinsins	Lausanne	Coinsins
	22,569	9,672	16,741	7,175
Total	88,961	76,064	69,644	60,078

(2011 scales)

Individuals

1.5 Source tax (CMT and DFT)

I. Dependent paid activity (employment)

Income (gross annual)	Single	Married	Married 1 child	Married 2 children
25,000	-	-	-	-
50,000	4,100	1,565	515	65
75,000	10,140	7,058	4,673	2,925
100,000	16,020	12,070	10,290	8,040
125,000	23,050	17,338	15,075	13,238
150,000	31,170	23,595	20,760	18,405
175,000	39,970	31,185	27,545	24,693
200,000	49,280	39,920	35,580	32,040
250,000	68,975	58,150	52,800	48,350
300,000	89,700	76,830	71,760	66,450
400,000	133,520	116,520	111,640	106,920
500,000	177,550	157,900	153,000	148,450
1,000,000	393,500	373,100	369,100	365,300
Taux max.	39.35%	37.31%	36.91%	36.53%

In respect of married couples, this table shows the situation for a couple living in a joint household with only one income.

Deductions based on simplified declaration	CMT	DFT
Purchase of benefits (BVG/LPP) ¹	100%	100%
Pillar 3A ¹	100%	100%
Maintenance contribution	100%	100%
Maintenance payments	100%	100%
Childcare costs ²	100%	100%
Withholding tax ³	100%	100%

(2011 scales)

- 1 Subject to the limits stipulated by Federal law.
- 2 Solely for single, widowed and divorced taxpayers and those whose household includes children aged less than 14 on 1 January 2011.
- 3 An application for reimbursement of withholding tax may be submitted using a specific form, which the taxpayer must request of his or her own accord.

Individuals

II. Artists, sportspersons and speakers/lecturers

	CMT	DFT	Total
Up to 200	9.2%	0.8%	10.0%
201-1,000	12.6%	2.4%	15.0%
1,001-3,000	15.0%	5.0%	20.0%
> 3,000	18.0%	7.0%	25.0%

The rates are applied to the gross amount of daily benefits received less a flat-rate deduction of 20%.

III. Directors and managers

	CMT	DFT	Total
300 and above	20.0%	5.0%	25.0%

IV. Mortgagees

	CMT	DFT	Total
300 and above	17.0%	3.0%	20.0%

Applicable to persons not domiciled in Switzerland who receive interest on a debt secured by real estate.

V. Occupational pension benefits

	CMT	DFT	Total
1,000 and above	10.0%	1.0%	11.0%

Applicable to annuities, pensions, retirement benefits or other regular benefits paid to persons who are neither domiciled nor residing in Switzerland.

(2011 scales)

Individuals

2 Wealth¹

Taxable wealth	Total tax	Global rate ²
25,000	0	0.00%
56,000	71	0.13%
75,000	114	0.15%
112,000	237	0.21%
125,000	288	0.23%
150,000	388	0.26%
175,000	500	0.29%
200,000	642	0.32%
250,000	926	0.37%
300,000	1,210	0.40%
400,000	1,890	0.47%
500,000	2,629	0.53%
1,000,000	6,509	0.65%
1 500,000	10,484	0.70%
3,000,000	22,408	0.75%

Single person with wealth < CHF 56,000:

No tax on net wealth

Married couple with wealth < CHF 112,000:

No tax on net wealth

Deductions

Unsecured debts	100%
Mortgage debts	100%

(2011 scales)

1 Tax cap: Total cantonal and municipal income and wealth tax cannot exceed 60% of net income. For this calculation, however, the net income from wealth cannot be less than the rate stipulated by the annual tax law (i.e. 1% for 2011).

2 Of which: Canton (157.50%) and Municipality of Lausanne (77.00%).

Individuals

3 Social security and occupational pension provision

	Employer	Employee	Total
Fixed rates			
Retirement pension and surviving dependants' insurance (AVS)	4.20%	4.20%	8.40%
Disability insurance (AI)	0.70%	0.70%	1.40%
Insurance for loss of earnings (APG)	0.25%	0.25%	0.50%
Unemployment insurance (AC)	1.10%	1.10%	2.20%
AC (solidarity fund) ²	0.50%	0.50%	1.00%
Family allowance (AF)	1.95%	0.00%	1.95%
Variable rates			
Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG/LPP) ³	7.00%	5.00%	12.00%
Accident insurance (AA)			
- Professionals ¹⁻⁴	0.80%	0.00%	0.80%
- Non-professionals ¹⁻⁴	0.00%	1.30%	1.30%
Insurance for loss of earnings in case of sickness ⁵	0.90%	0.90%	1.80%
Total	17.40%	13.95%	31.35%
Administrative expenses ⁶	0.30%	0.00%	0.30%

AC: unemployment insurance

AF: family allowances

AMat: maternity insurance

1 Levied on salary up to CHF 126,000.

2 Solidarity percentage between salary of CHF 126,001 and CHF 315,000

3 The employer's participation is at least 50%. Rates vary considerably among institutions, depending on age and salary.

4 Depends on the occupational sector. More information at: www.suva.ch.

5 Premiums depend on cover status

6 Calculated on the basis of AVS/AI/APG contributions.

Individuals

4 Donations and successions

Exemptions and relief (amounts):

	Donations	Successions
Spouse or registered partner of the deceased or donor	Total	Total
Child in direct descending line	50,000 ¹	250,000 ²
Other beneficiaries / legatees	10,000 ³	10,000 ³

Direct descending line (category 1)⁴:

	Donations	Successions
10,000	Exempt ¹	Exempt ²
50,000	Exempt ¹	Exempt ²
100,000	1.845%	Exempt ²
250,000	2.358%	Exempt ²
350,000	2.584%	1.255% ⁵
400,000	2.673%	1.848% ⁵
500,000	2.859%	2.859%
750,000	3.206%	3.206%
1,000,000	3.379%	3.379%
1,250,000	3.483%	3.483%
1,302,000 and above	3.500%	3.500%

Descendant of a previous marriage of the surviving spouse, father and mother, grandparents, greatgrandparents (category 2)⁴:

	Donations	Successions
10,000	Exonéré ³	Exonéré ³
100,000	4.059%	4.059%
500,000	6.289%	6.289%
1,061,000 and above	7.500%	7.500%

(2011 scales)

- Relief of CHF 50,000 per child in the course of the same year. For any higher amounts: entire amount is taxable.
- Relief of CHF 250,000.00 per hereditary line (deductible allowance). Above CHF 251,000 the deduction is reduced by 1/250th for each extra tranche of CHF 1,000 (5). The deductible allowance is therefore zero from CHF 500,000 upwards.
- Relief of CHF 10,000 per beneficiary or legatee in the course of the same year. For any higher amounts: entire amount is taxable.
- The above presentation only shows the cantonal rates. As applicable, the specific rates for each municipality (equal at most to the cantonal rates) are added to these.
- A special scale taking account of the deductible allowance is applicable to amounts between CHF 251,000 and CHF 499,000.
- Since 1 January 2010, recovery of tax and interest on arrears can be claimed only for the last three fiscal periods preceding the death of the taxpayer.

Individuals

Brother and sister, son-in-law and daughter-in-law (category 3)¹ :

	Donations	Successions
10,000	Exempt ²	Exempt ²
100,000	8.118%	8.118%
489,000 and above	12.500%	12.500%

Uncles, aunts, nephews, nieces (category 4)¹ :

	Donations	Successions
10,000	Exempt ²	Exempt ²
100,000	12.177%	12.177%
314,000 and above	16.500%	16.500%

Great-uncles (-aunts), great-nephews (-nieces), great-great-nephews (-nieces), first cousins and their offspring (category 5)¹ :

	Donations	Successions
10,000	Exempt ²	Exempt ²
50,000	16.324%	16.324%
123,000 and above	20.000%	20.000%

Other cases (category 6)¹ :

	Donations	Successions
10,000	Exempt ²	Exempt ²
50,000	20.988%	20.988%
110,000 and above	25.000%	25.000%

(2011 scales)

- 1 Relief of CHF 10,000 per beneficiary or legatee in the course of the same year. For any higher amounts: entire amount is taxable.
- 2 The above presentation only shows the cantonal rates. As applicable, the specific rates for each municipality (equal at most to the cantonal rates) are added to these.

Individuals

Calculation examples

Succession between a father and his only child, without surviving spouse or registered partner, for an amount of CHF 300,000 :

Share of the single hereditary line (300,000)		
Cantonal rate	0.615% ¹	1 845
Municipal rate (Lausanne)	0.615%	1 845
Total	1.230%	3 690

Succession between a father and his three children, with surviving spouse or registered partner, for an amount of CHF 1,200,000:

Share of surviving spouse or registered partner (600,000)	Relief²
Share of each hereditary line (200,000)	Relief¹

Succession between a father and his three children, with surviving spouse or registered partner, for an amount of CHF 2,400,000:

Share of surviving spouse or registered partner (1,200,000)			Relief²
Share of each hereditary line (400,000)			
Cantonal rate	1.848% ¹	7,392	
Municipal rate (Lausanne)	1.848%	7,392	
Total (per child)	3.696%	14,784	

Succession between a father and his three children, with surviving spouse or registered partner, for an amount of CHF 8,400,000:

Share of surviving spouse or registered partner (4,200,000)			Relief²
Share of each hereditary line (1,400,000)			
Cantonal tax	3.500% ³	49,000	
Municipal tax (Lausanne)	3.500%	49,000	
Total (per child)	7.000%	98,000	

(2011 scales)

1 Relief of CHF 250,000.00 per hereditary line (deductible allowance). Between CHF 251,000 and CHF 499,000, the special scale is applied, taking account of the deductible allowance.

2 The share of the surviving spouse or registered partner is totally exempt.

3 Above CHF 500,000: the general scale is applied.

Individuals

5 Real estate

Rental (rateable) value

As defined in the "Additional instructions regarding the determination of rental (rateable) value" published by the Vaud tax authorities, the taxable cantonal rental value is 65%¹ of the indexed statistical value comprising the following elements:

- ▶ Surface area of the accommodation
- ▶ Age of building
- ▶ Municipality
- ▶ Type of accommodation (single or collective)
- ▶ Lack of comfort, if applicable
- ▶ Unfavorable surroundings, if applicable

Property tax

Municipal property tax ²	1.5‰
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Transfer taxes³

Fixed cantonal rate	2.2%
Variable municipal rate ⁴	1.1%

Land register

Land register fees ⁵	1.5‰
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1 The applicable rental value for direct Federal taxation corresponds to 90% of the indexed rental value.

2 Application of municipal scales: rates vary according to municipality, maximum: 1.5‰ x the fiscal assessment.

3 Collection of transfer taxes in Vaud canton or in the Vaud municipalities is excluded in case of

restructuring, on the basis of Article 3 para.1 (i) of the Cantonal Law on Transfer Tax on Real Estate Transfers and Tax on Successions and Donations (LMSD).

4 Maximum rate of CHF 0.50 per franc of cantonal tax, but specific for each municipality.

5 Minimum CHF 20 and maximum CHF 50,000.

Individuals

Notaries' fees

Minimum CHF 100

From CHF	1	to CHF	100,000	7.00‰
From CHF	100,001	to CHF	300,000	5.00‰
From CHF	300,001	to CHF	500,000	3.00‰
From CHF	500,001	to CHF	750,000	2.50‰
From CHF	750,001	to CHF	1,000,000	2.00‰
From CHF	1,000,001	to CHF	2,500,000	1.50‰
From CHF	2,500,001	to CHF	10,000,000	1.00‰
From CHF	10,000,001	to CHF	20,000,000	0.50‰
From CHF	20,000,001	and above		0.25‰

Capital gains on real estate

Degressive rate according to years of ownership¹

Up to	1 year	30%
From	1 to 2 years	27%
From	2 to 3 years	24%
From	3 to 4 years	22%
From	4 to 5 years	20%
From	5 to 6 years	18%
From	6 to 7 years	17%
From	7 to 8 years	16%
From	8 to 10 years	15%
From	10 to 12 years	14%
From	12 to 14 years	13%
From	14 to 16 years	12%
From	16 to 18 years	11%
From	18 to 20 years	10%
From	20 to 22 years	9%
From	22 to 24 years	8%
	24 years or more	7%

(2011 scales)

¹ Years of occupancy proven by the taxpayer (main domicile) count double.



Legal entities

Legal entities

6 Profit

6.1 Tax rates

Basic cantonal tax	9.50%	
Cantonal percentage	157.50%	
Municipal percentage (Lausanne) ¹	77.00%	
Cantonal and municipal tax		22.277%
Direct Federal tax		8.500%
Total tax on profit		30.777%
Total tax on profit before tax		23.534%

6.2 Sample calculation

Net taxable profit	250,000	
Direct Federal tax	$250,000 \times 8.50\% =$	21,250
Cantonal tax	$250,000 \times 9.50\% \times 157.50\% =$	37,406
Municipal tax (Lausanne)	$250,000 \times 9.50\% \times 77.00\% =$	18,288
Total		76,944

6.3 Losses carried forward

Losses in the seven prior accounting years/periods are deductible from the net profit for the current fiscal year, provided that they have not been offset yet.

6.4 Lump-sum provisions

On stock of goods	33.33%
Swiss receivables	5.00%
Foreign receivables	10.00%
Future R&D mandates awarded to third parties ²	10.00%

1 Application of municipal scales. Rates vary according to each municipality (see the table of municipal percentages on page 7 of this brochure).

2 10% of taxable profit, maximum: CHF 1 million.

Legal entities

6.5 Depreciations (declining balance / straight line)

Computers	40%
Office equipment	40%
Intangible assets (patents, licenses, goodwill, etc.)	40%
Motor vehicles	40%
Commercial furnishings	25%
Residential buildings (investment properties) and urban commercial buildings	
- Building only	2%
- Building together with land	1.5%
Non-urban commercial buildings	
- Building only	4%
- Building together with land	3%
Industrial buildings (factories, warehouses) and those used for trades/crafts	
- Building only	8%
- Building together with land	7%

For depreciations on the acquisition value (straight line), the stated rates are reduced by one half.

6.6 Thin capitalization

External funding calculated at market value of assets.

Liquidity	100%
Receivables for deliveries and services	85%
Other receivables	85%
Stock of goods	85%
Other current assets	85%
Swiss and foreign bonds in CHF	90%
Foreign bonds in foreign currencies	80%
Listed equities, Swiss and foreign	60%
Other equities and shares in Sàrl	50%
Participating interests	70%
Loans	85%
Equipment, machinery, tools, etc.	50%
Operating buildings	70%
Villas, land for construction, etc.	70%
Other buildings	80%
Start-up costs, capital increase costs	0%
Other intangible assets	70%

For finance companies, the maximum limit for external funding is set at 6/7 of the balance-sheet total.

Legal entities

6.7 Participation deduction relief

Dividends

At DFT¹ and CMT levels: Applicable to joint-stock companies holding at least 10% of the share capital of another company, or a participating interest representing a market value of at least CHF 1 million, or with a participation of at least 10% in the profit and reserves of another company.

Capital gains

At DFT¹ and CMT levels: Applicable if the participating interest that is disposed of was equal to 10% of the share capital of another company, or if the company had a right based on at least 10% of the profit and reserves of another company, and if the company has held same for at least one year. If the participating interest falls below 10% following a partial sale, the reduction shall be granted on the subsequent profits of disposal only if the market value of the participating interest at the end of the fiscal year prior to said disposal was at least CHF 1 million.

Calculation of reduction for participating interests

The amount of tax on profit is reduced according to the following ratio

$$\frac{\text{Net return on participating interests}^2}{\text{Total net profit}}$$

1 In force since 1 January 2011 at Federal level, following corporate taxation reform II. At cantonal and municipal level: applicable since 1 January 2009.

2 Corresponds to income from participating interests less related financing costs (in particular: debt interest) and a contribution of 5% intended to cover administrative costs (possibly effective costs that are lower or higher than this rate).

Legal entities

7 Capital

7.1 Tax rates

Cantonal tax levied at the base rate of 0.6‰ on share capital and reserves. Pure Holding companies are subject to a rate of 0.75‰ and auxiliary companies are subject to a rate of 0.1‰ of their equity¹.

7.2 Sample calculations²

I. Ordinary tax

Taxable capital					1,000,000
<hr/>					
Cantonal tax	1,000,000	×	0.6‰	×	157.50% = 945.00
Municipal tax (Lausanne) ³	1,000,000	×	0.6‰	×	77.00% = 462.00
Total					1,407.00

II. Holding company

Taxable capital	1,000,000				
<hr/>					
Cantonal tax	1,000,000	×	0.75‰	×	157.50% = 1,181.00
Municipal tax (Lausanne) ³	1,000,000	×	0.75‰	×	77.00% = 578.00
Total					1,759.00

III. Auxiliary company¹

Taxable capital	1,000,000				
<hr/>					
Cantonal tax	1,000,000	×	0.1‰	×	157.50% = 158.00
Municipal tax (Lausanne) ³	1,000,000	×	0.1‰	×	77.00% = 77.00
Total					235.00

- 1 For base companies, the basic tax cannot be less than CHF 150.
- 2 The canton and the municipalities levy profit tax separately from capital tax. Cantonal and municipal tax on capital is due only if it is higher than the cantonal and municipal tax on profit. Holding companies are not subject to this provision.
- 3 Application of municipal scales. Rates vary according to each municipality (see the table of municipal percentages on page 7 of this brochure).

Legal entities

8 Minimum tax

Levied on gross income¹ and capital invested, instead of usual tax levied on net profit and capital, if minimum tax calculated higher than the latter (possible exemption for companies facing serious financial issues and exemption for newly founded companies for 2 years from foundation).

Tax rates

Income ²	
Gross revenue from wholesaling	0.15‰
Revenue from manufacturing companies	0.40‰
Other gross revenue	0.80‰
Capital invested ³	
	0.40‰

Tax ceiling

Cantonal and municipal tax combined cannot exceed:

- 1‰ for minimum tax calculated on capital
- 2‰ for minimum tax calculated on gross revenue

1 Only included in the calculation if higher than CHF 1 million per year.

2 These rates are halved for associations, foundations, other legal entities and investment funds.

3 This tax element must never exceed the minimum tax on gross revenue.

Legal entities

9 Withholding tax

Revenue from investment income

Bank/bond or debenture interest	35%
Dividends	35%
Participation in profits, profit-sharing	35%
Other returns ¹	35%

Lottery winnings

From CHF 50 upwards (cash lots)	35%
---------------------------------	-----

Insurance benefits

Capital (lump-sum) benefits	8%
Annuities	15%
Pensions	15%

Payment of withholding tax on dividends paid to Swiss companies holding a participating interest of at least 20% and on insurance benefits may be replaced by a declaration procedure.

Payment of withholding tax on dividends paid to foreign companies may also be replaced by a declaration procedure² or by payment of the treaty rate. This applies to joint-stock companies resident in a state with which Switzerland has concluded a double taxation treaty, and which hold a significant participating interest as defined by the applicable double taxation agreement or if there is no stipulation, at least 20% of the share capital of the Swiss company.

No withholding tax is levied on royalties, authors' copyright payments and, in principle, interest on intercompany loans.

As from 1 January 2011, contributions, premiums and additional payments made directly by holders of participating interests after 31 December 1996 and openly reported as such on the commercial balance sheet are exempt from withholding tax on reimbursement.³

1 "Other returns" include, in particular, monetary benefits granted by the company to shareholders or those closely related to them without a corresponding service in return, and which the company would not have granted to a third party.

2 See section 14 regarding the Agreement on the Taxation of Savings between Switzerland and the European Union.

3 The conditions for application and the declaration procedures are stated in FTA (Swiss Federal Tax Administration) Circular no. 29/2010.

Legal entities

10 Stamp duties

Issuance stamp tax

Participation rights (on the portion of the total contribution which exceeds CHF 1 million)	1%
Dividend - right certificate	CHF 3.00/certificate
Straight bonds	1.2‰/year ¹
Medium-term notes	0.6‰/year ¹
Money market paper	0.6‰/day ²

Transfer stamp tax³

Swiss securities	1.5‰
Foreign securities	3.0‰

Stamp duty on insurance premiums⁴

Life insurance premiums	2.5%
Other subject insurances	5.0%

- 1 Duty rate levied on the nominal value for each complete year or year commenced, subject to a maximum period from the date when the bond is paid up to the maturity date.
- 2 Rate for duty levied on the nominal value for each day of the duration (1/360th) per day.
- 3 In particular, securities traders include joint-stock companies and cooperative societies with taxable paper of more than CHF 10 million.
- 4 In case of foreign insurance, the taxable party is the Swiss policyholder.

Legal entities

11 Interest rates (on tax receivables and payables)

Interest rates for cantonal and municipal tax

Years	Interest on arrears on an unpaid amount (%)	Remuneratory interest on advance payments (%)	Compensatory interest
2006	3.50	1.00	1.00
2007	3.50	1.00	1.00
2008	4.00	1.50	1.50
2009	4.00	1.50	1.50
2010	3.50	1.00	1.00
2011	3.50	1.00	1.00

Interest rates for direct Federal tax

Years	Interest on arrears on an unpaid amount (%)	Remuneratory interest on advance payments (%)
2006	3.50	1.00
2007	3.50	1.00
2008	4.00	1.50
2009	4.00	1.50
2010	3.50	1.00
2011	3.50	1.00

Legal entities

12 VAT

Applicable rates

Standard rate	8.0%
Accommodation	3.8% ¹
Food products and non-alcoholic beverages (except for catering business)	2.5%
Medicines	2.5%
Newspapers, magazines, etc.	2.5%
Radio and TV transmissions ²	2.5%

Deduction of input tax³

Supply of taxable goods	100%
Supply of taxable services	100%
Transactions for which the party concerned has opted to pay tax	100%
Gift of up to CHF 500	100%
Entertainment expenses	0%
Food and beverage expenses	100%
Acquisition, holding, sale and restructuring of participating interest ⁴	100% ⁵

1 Rate applicable until 31 December 2013.

2 Except for services of a commercial nature.

3 Exceptions to the general rules must be analysed in each case.

4 Participating interest = at least 10% of the capital, or long-term holding with decisive influence.

5 For holding companies: consolidated entrepreneurial activities are taken into account.

Legal entities

13 Real estate

Property tax

Municipal property tax¹ 1.5‰

Supplementary tax on real estate owned by legal entities²

Fixed cantonal rate 1.0‰

Variable municipal rate³ 0.5‰

Transfer taxes⁴

Fixed cantonal rate 2.2%

Variable municipal rate³ 1.1%

Land register

Land register fees⁵ 1.5‰

Notaries' fees⁶

Minimum CHF 100

From CHF	1	to CHF	100,000	7.00‰
From CHF	100,001	to CHF	300,000	5.00‰
From CHF	300,001	to CHF	500,000	3.00‰
From CHF	500,001	to CHF	750,000	2.50‰
From CHF	750,001	to CHF	1,000,000	2.00‰
From CHF	1,000,001	to CHF	2,500,000	1.50‰
From CHF	2,500,001	to CHF	10,000,000	1.00‰
From CHF	10,000,001	to CHF	20,000,000	0.50‰
	CHF 20,000,001	and above		0.25‰

Save in exceptional cases, capital gain realized on real estate by a legal entity is included in the ordinary taxable profit.

1 Application of municipal scales: rates vary according to municipality, maximum: 1.5‰ x the fiscal assessment.

2 Exemption in case of own use to operate a business or industrial facility, or in case of accommodation for social purposes.

3 Maximum rate of CHF 0.50 per franc of cantonal tax, but specific for each municipality.

4 Collection of transfer taxes in Vaud canton or in the Vaud municipalities is excluded in case of restructuring, on the basis of article 3 para.1 (i) of the Cantonal Law on Transfer Tax on Real Estate Transfers and Tax on Successions and Donations (LMSD).

5 Minimum CHF 20 and maximum CHF 50,000.

6 The expenses for notarial services should can be increased in case of additional fees that may be payable.

Legal entities

14 Agreement on the Taxation of Savings between Switzerland and the European Union

Elimination of source taxation on cross-border dividend payments¹

The Agreement on the Taxation of Savings came into force on 1 July 2005. According to its provisions, payments of dividends by a Swiss subsidiary to its parent company located in a member state of the European Union may, subject to certain conditions, be made without deducting withholding tax.

Conditions required:

- Distribution of dividends
- Joint-stock companies
- Fiscal domicile and tax liability
- Direct participating interest of 25%, held for 2 years
- Anti-abuse rules

The Swiss company which pays the dividends must ask the Federal Tax Administration for authorization to benefit from the declaration procedure.

Elimination of source taxation on cross-border interest payments and license fees¹

The conditions of application are similar to those cited above². This option is also applicable to permanent establishments.

1 Subject, nevertheless, to the double taxation agreements in force between Switzerland and the member states of the EU which provide for more favorable tax treatment.

2 However, the condition regarding the type of participating interest is more broadly defined (see Article 15, para. 2, AFisE [Agreement on the Taxation of Savings]).

Legal entities

15 Double taxation agreements (as at 1 January 2011)

Source country	Dividends ¹	Interest	Royalties ²
European Union³	0%	0%	0%
Albania	15/5%	5%	5%
Algeria	15/5%	10%	10%
Argentina	15/10%	12%	0%
Armenia	15/5%	10%	5%
Australia	15/15%	10%	10%
Austria	15/0%	0%	0%
Azerbaijan	15/5%	10%	10/5% ⁴
Bangladesh	15/10%	10%	10%
Belarus	15/5%	8%	10/5/3% ⁴
Belgium	15/10%	10%	0%
Bulgaria	15/5%	10%	0%
Canada	15/5%	10%	10%
Chile ⁵	15/15%	15%	10/5% ⁴
China	10/10%	10%	10%
Côte d'Ivoire	15/15%	15%	10%
Croatia	15/5%	5%	0%
Czech Rep.	15/5%	0%	5%
Danmark ⁵	15/0%	0%	0%
Ecuador	15/15%	10%	10%
Egypt	15/5%	15%	12.5%
Estonia	15/5%	10%	10%
Finland	10/0%	0%	0%
France	15/0%	0%	5%
Germany	15/0%	0%	0%
Ghana	15/5%	10%	8%

1 Ordinary rate/rate in case of subsidiaries.

2 License royalties.

3 See section 14.

4 According to type of royalties.

5 Applicable as from 01.01.2011

Legal entities

Source country	Dividends ¹	Interest	Royalties ²
Greece	35/35%	10%	5%
Hungary	0%	0%	0%
Iceland	15/5%	0%	0%
India	10/10%	10%	10%
Indonesia	15/10%	10%	10%
Iran	15/5%	10%	5%
Ireland	0/0%	0%	0%
Israel	15/5%	10%	5%
Italy	15/15%	12.5%	5%
Jamaica	15/10%	10%	10%
Japan	15/10%	10%	10%
Kazakhstan	15/5%	10%	10%
Korea (South)	15/10%	10%	10%
Kuwait	15/15%	10%	0%
Kyrgyzstan	15/5%	5%	5%
Latvia	15/5%	10%	10%
Liechtenstein	-	-	-
Lithuania	15/5%	10%	10%
Luxembourg	15/0%	10%	0%
Macedonia	15/5%	10%	0%
Malaysia	15/5%	10%	10%
Mexico ³	15/0% ⁴	5/10%	10%
Moldova	15/5%	10%	0%
Mongolia	15/5%	10%	0%
Montenegro	15/5%	10%	10%
Morocco	15/7%	10%	10%

1 Ordinary rate/rate in case of subsidiaries.

2 License royalties.

3 Applicable as from 01.01.2011

4 Depending on the type of interest.

Legal entities

Source country	Dividends ¹	Interest	Royalties ²
Netherlands	15/0%	5%	0%
New Zealand	15/15%	10%	10%
Norway	15/0%	0%	0%
Pakistan	20/10%	10%	10%
Philippines	15/10%	10%	15%
Poland	15/5%	10%	0%
Portugal	15/10%	10%	5%
Qatar ³	15/5%	0%	0%
Romania	10/10%	10%	0%
Russia	15/5%	10%	0%
Serbia	15/5%	10%	10%
Singapore	15/10%	10%	5%
Slovakia	15/5%	10%	5%
Slovenia	15/5%	5%	5%
South Africa	15/5%	5%	0%
Spain	15/0%	0%	5%
Sri Lanka	15/10%	10%	10%
Sweden	15/0%	5%	0%
Thailand	15/10%	15%	10%
Trinidad and Tobago	20/10%	10%	10%
Tunisia	10/10%	10%	10%
UK	15/0%	0%	0%
Ukraine	15/5%	10%	10%
USA	15/5%	0%	0%
Uzbekistan	15/5%	10%	5%
Venezuela	10/0%	5%	5%
Vietnam	15/10% ⁴	10%	10%

1 Ordinary rate/rate in case of subsidiaries.

2 License royalties.

3 Applicable as from 01.01.2011

4 If participating interest is more than 50%: rate as per agreement of 7%.

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Imprint

Tax 2011 Vaud

Electronic publication in French and English

Produced and designed by

Ernst & Young Ltd
Marketing and External Communications
P.O. Box
8022 Zurich

Subscriptions / address changes

www.ey.com/ch/newsletter

www.ey.com/ch/tax

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