

The partial revision of the Value Added Tax Act (MWSTG) and the Value Added Tax Ordinance (MWSTV) will enter into force on 1 January 2025. The partially revised MWSTV contains, on the one hand, the implementing provisions for the amended MWSTG and, on the other hand, independent adjustments, in particular with regard to the net tax and flat rate tax method and portal obligation.

As of 1 January 2025, the amendment to the FTA Ordinance on the level of the applicable net tax rates will also come into force. The review of the net tax rates to be carried out every seven years has resulted in a tax rate adjustment for around 15 per cent of industries and activities.

The following is an overview and summary of the most important changes (not all changes are fully reflected):

Taxation of online order platforms

All platforms that enable the supply of goods are subject to online order platform taxation (Art. 3 let. d no. 1 MWSTG). This regulation applies to both small and large consignments, whereby services are not affected by this regulation.

A platform becomes subject to mandatory VAT in Switzerland if:

- it generates in Switzerland and/or abroad at least CHF 100'000.00 annual turnover from services that are not exempt from VAT, AND
- it either has its registered office in Switzerland OR provides services whose place of performance is in Switzerland.

A domestic delivery is deemed to have taken place if:

- it supplies goods that are already in the country, OR
- it generates a turnover of at least CHF 100'000.00 with small consignments that are imported into Switzerland (mail order regulation).

Domestic companies can also qualify as online mail order platforms.

Furthermore, an obligation to provide information will be introduced for all online platforms. This means that the FTA will in future be able to request information from the platforms as to who is offering any supplies via the platform that could be subject to VAT.

There is subsidiary liability for taxes.

Tax representation for foreign companies

Under the old MWSTG, foreign taxable persons in Switzerland had to appoint a fiscal tax representative (Art. 67 MWSTG). The FTA can now waive with this if the fulfilment of procedural obligations by the taxable person and the swift execution of this law are guaranteed in another way. However, according to initial information from the FTA, fiscal tax representation for foreign companies will remain in place for the time being.

However, the security deposit will be waived in future.

Annual declaration

Upon request, declaration can now take place annually, provided the taxable person does not generate more than CHF 5'005'000.00 (incl. VAT) turnover from taxable services per year.

In order to benefit from the annual declaration, previous and future VAT declarations must be submitted on time and paid in full.

The application for annual declaration can be submitted in the ePortal from January 2025. In order for annual declaration to be permitted for 2025, the application must be submitted by 28 February 2025 at the latest.

The FTA may refuse or revoke the authorisation to use the annual declaration if the taxpayer does not meet or only partially meets its declaration and payment obligations.

There is an obligation to pay instalments. The instalments are determined by the FTA. The payment deadlines for the instalments are the same as for quarterly declaration.

Changes to the location definitions

According to Art. 8 para. 2 lit. c MWSTG, the place of supply of services in the field of culture, arts, sport, science, teaching, entertainment or similar is only at the place of activity/venue if these services are provided **directly to persons physically present on site**.

⇒ Otherwise, the recipient location principle (reverse-charge procedure) **now** applies (Art. 8 para. 1 MWSTG)

In the case of services pursuant to Art. 8 para. 2 lit. c MWSTG, where both physical presence on site and virtual presence or participation (e.g. via streaming) are possible (hybrid services), the place of supply depends on the type of service sold.

More services exempt from VAT

The following are now exempt from VAT:

- travel services resold by domestic and foreign travel agencies and their associated services (foreign travel agencies are therefore not taxable in Switzerland if they organise trips to Switzerland);
- active participation in cultural events;
- the services of coordinated care for medical treatment;
- the provision of infrastructure to attending physicians in outpatient clinics and day clinics;
- the care and housekeeping services of private Spitex;
- the provision of personnel by all non-profit organisations;
- the offering of investment groups of investment foundations in accordance with the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) and the management of investment groups.

Changes to the net tax rate

More than two net tax rates (SSS) can now be applied. The 10% rule remains applicable, i.e. a new net tax rate must be applied if the turnover share of the respective activity amounts to more than 10% of the total taxable turnover.

According to Art. 77 para. 2 let. h. MWSTV, the net tax rate method **can no longer be chosen by taxable persons domiciled abroad**.

Online obligation

From 1 January 2025, all entities subject to VAT must declare the VAT online via **ePortal**. The declaration can no longer be ordered / settled on paper.

We are happy to advise you in connection with your VAT questions.

Please contact us:



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