



**Zug**

## **Incorporation in Zug**





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## 1. Types of business activity

There are two types of corporation at the forefront of business activity in Switzerland: the so-called "Aktiengesellschaft (AG)" and the "Gesellschaft mit beschränkter Haftung (GmbH)". These two kinds of legal entity offer the following advantages:

- Liability and risk limited to capital
- Simplified transferability of participation rights/shares
- Regulated representation rights

Besides forming an "AG" or a "GmbH", it is also possible to have a branch of a foreign corporation inscribed in the Commercial Register, or to set up a private company which is not a legal entity in its own right.

Business relationships can, of course, also be set up on a purely contractual basis, e.g. as that of an agency or sole distributorship. There are numerous ways to structure agreements of that kind under Swiss contractual law, which recognises only a small number of restrictions regulated by compelling stipulations.

### 1.1. The Aktiengesellschaft (AG)

The AG is a legal entity in its own right with its own name. It is a corporation whose capital is divided into shares. The owners of the shares (the shareholders) exercise their rights at the General Meeting of Shareholders. Actual management of the AG is the exclusive responsibility of the Board of Directors and the executive officers who are appointed by that Board.





### 1.1.1. Share capital

#### Bearer and registered shares

An AG has to have a share capital of at least CHF 100'000.00. The share capital can be divided into bearer and/or registered shares. The nominal value of those shares must be at least CHF 0.01. When establishing the corporation, each share must be paid up to at least 20 % of its nominal value, but the total paid-up share capital must amount to at least CHF 50'000.00.

#### Participation certificates

A part of the share capital can also be issued in the form of so-called participation certificates. Essentially, these are shares without voting rights

To form an AG it is necessary to have a minimum of three shareholders (private individuals or legal entities), whereby two of them can simply hold the shares in trust. If the shareholders are private individuals, it is irrelevant from the point of view of Swiss corporate law whether they are Swiss nationals or foreigners. On the other hand, a new formation can become somewhat more complicated if one or more of the founding shareholders are foreign companies. It is therefore advisable to authorize private individuals to set up the company and for those people to transfer the shares after formation.

The revision of the Limited Company Law (probably as of January 1, 2008) will introduce the possibility of forming a one-person AG.





### 1.1.2. The governing bodies of the corporation

The AG has three governing bodies: the General Meeting of Shareholders, the Board of Directors and the auditors.

#### General meeting of shareholders

The General Meeting of Shareholders is the supreme governing body of the corporation and is in particular empowered to set forth and amend the Articles of Association, approve the annual accounts and the consolidated financial statements, if any, resolve on the distribution of profit and grant discharge to the company's directors. The General Meeting of Shareholders elects the Board of Directors and the auditors.

The General Meeting of Shareholders has to be convened at least once per annum (within six months of the financial year-end). Extraordinary general meetings can be called at any time by the Board of Directors, by shareholders who represent at least 10 % of the share capital, or by the auditors.

#### Board of Directors

The Board of Directors is the management body of the AG. The law confers it with untransferable and inalienable duties (e.g. overall management of the company, definition of the management structure, control of employees entrusted with management functions, preparation of the annual report, etc.). If it so wishes, the board can, by means of internal organisational regulations, nominate individual members (delegates) or third parties (managers, authorized clerks) to carry out those functions of management which can be delegated.





A majority of the members of the Board of Directors must be Swiss citizens, resident in Switzerland or citizen of EU/EFTA States with domicile in Switzerland. An exception can be obtained for holding companies. In this case, at least one member of the Board, with the right to represent the company, must be resident in Switzerland. Only shareholders can be members of the Board. They can, however, hold the shares in trust.

The revised Limited Company Law provides for the abolition of the requirement for members of the Board to be shareholders. Moreover, the requirement for members of the Board to be resident in Switzerland will also be abolished.

### **Auditors**

The responsibility of the auditors is to ascertain whether the accounts and the annual financial statements and the consolidated financial statements, if any, as well as the recommendation to the General Meeting of Shareholders with regard to the distribution of the profit in the balance sheet, conform with the law and the Articles of Association.

The revised Limited Company Law also provides for the assessment of the existence of an internal control system as an additional task for the auditors.

The auditors must be professionally qualified and independent from the management and majority shareholders. At least one auditor must be domiciled in Switzerland.





### 1.1.3. Company name

In principle, the name of the company can be freely chosen. It can be a fantasy name or reflect the actual business activity. It may not, however, cause deception nor conflict with any public interests. If the name of a company reflects a business activity, it must relate directly to the company's formally registered purpose. It is advisable to check the intended name with the Cantonal Commercial Registry ([www.zug.ch/hra](http://www.zug.ch/hra)) before forming the company. The name must differ from any other company name which already exists. The names of every company already inscribed can be called up on the web-site of the Federal Commercial Registry ([www.zefix.admin.ch](http://www.zefix.admin.ch)).

### 1.1.4. Corporate domicile

The company's domicile can be chosen anywhere within Switzerland. If the statutory domicile is not the same as the place at which the company is actually managed, this could be of importance with regard to taxation. As a rule, liability for tax exists at the place at which the company is actually managed and not at the domicile shown in its registration documents.





## 1.2. Gesellschaft mit beschränkter Haftung (GmbH)

Like the AG, the GmbH is a legal entity in its own right. Since the GmbH is very similar to the AG, reference can be made to the comments with regard to the name, the domicile and the Articles of Association. The main differences in the case of the GmbH are that for its formation, only two founders are required, the foundation capital must be at least CHF 20'000.00 and not more than CHF 2.0 million, and, in contrast to the AG, a member of a GmbH can only hold one common share, which can, however, be for any amount. It is also more difficult to transfer shares in a GmbH than in an AG.

The only duty which a shareholder of an AG has is to pay in his or her share of the capital. In a GmbH, however, the Articles of Association may set forth further duties, such as the obligation to pay in additional capital.

Analogous to the AG, the GmbH may have three governing bodies: the General Meeting of Partners, the Management and (though not obligatory) the auditors.

GmbH Law is currently undergoing a revision. The foundation capital of CHF 20'000.00 will newly have to be fully paid in. The lawmakers refrain from setting a capital ceiling for the foundation capital of the GmbH. Pursuant to the revised law, it will be possible for a single person to form a GmbH. Also new is that a member of the GmbH can hold several shares of the capital. There are, furthermore, adjustments with regard to the requirements for annual financial statements and auditors due to the harmonisation of accounting law





## 2. Founding procedure

### 2.1. Public notarization

An AG or a GmbH can be set up quickly and easily. The foundation document has to be publicly notarized by an authorized notary (a lawyer with a licence to act as a public notary). When foundation takes place, the following documents must be submitted to the notary:

- Articles of Association
- Declaration of mandate acceptance by the auditors (voluntary for the GmbH)
- Confirmation of a recognized deposition agent (a bank) that the share capital or foundation capital has been paid in and is at the free disposal of the corporation
- Domicile acceptance statement in cases in which the corporation does not have its own offices after foundation.

### 2.2. Inscription procedure

After foundation, the corporation must apply for inscription in the Commercial Register ([www.zug.ch/hra](http://www.zug.ch/hra)). This application must be accompanied by the foundation document, together with the other documents mentioned above.

It is important to note that during the inscription procedure, the share capital which has been lodged with the deposition agent (a bank) remains blocked. The inscription procedure ends when the corporation is formally registered in the Commercial Register. The paid-in capital will, however, continue to be blocked by the deposition agent until that bank receives an extract from the Commercial Register, proving that the new corporation has been duly inscribed. Capital deposit accounts are provided by all the banks.





### 2.3. Foundation costs

The following costs, purely for foundation, are likely to arise when forming a new AG with a share capital of CHF 100'000.00:

Notary's fee	2 ‰ of share capital, min. CHF 500.00
Inscription fees- Commercial Register	approx. CHF 800.00
Advisory fees (depending on requirements)	CHF 4'000.00 – CHF 7'000.00
Federal stamp duty (1 ‰)	the first CHF 1'000'000.00 of capital are free of stamp duty
Other costs (general expenses)	individual by needs

The foundation costs for an AG and a GmbH are approximately the same.

### 2.4. Time required

The following plan serves to give an approximation of the time required in order to form a new corporation:

Clarification – acceptability of company name	1 to 2 days
Preparation of foundation documents with annexes (foundation document, Articles of Association, application to Commercial Registry, etc.)	
Paying in of capital	1 to 3 days
Meeting of founding shareholders/members	less than ½ days
Inscription in Commercial Register	1 to 5 days





### 3. Management of the corporation

#### 3.1. Management

The management of a corporation is usually handled by the Board of Directors itself and the managers appointed by that Board. In order to limit personal liability, the responsibilities and authorities should be clearly set forth in a set of internal organisational regulations. Those people authorized to sign on behalf of the corporation must be entered in the Commercial Register.

When appointing members of management, it is important to note that it may well be necessary to obtain work permits for non-Swiss people.

Management (i.e. the Board of Directors) must prepare an annual report which, in particular, provides information with regard to the progress of the business, the economic and financial situation and any increases in capital which may have taken place.

At least once a year, an Annual General Meeting of Shareholders must be held. This is called by the Board of Directors.

#### 3.2. Accounting

The law prescribes a certain minimum structure for the balance sheet and the income statement. When preparing them both, it is important to comply with the principles of orderly presentation of accounts (completeness, clarity, materiality, prudence, continuity, etc.). The company's position in terms of assets and profitability should "be able to be assessed with as much reliability as possible". But that does not mean that even a transparent set of accounts complies with the "true and fair view" principle because the valuation regulations anchored in law permit the building of so-called hidden reserves.





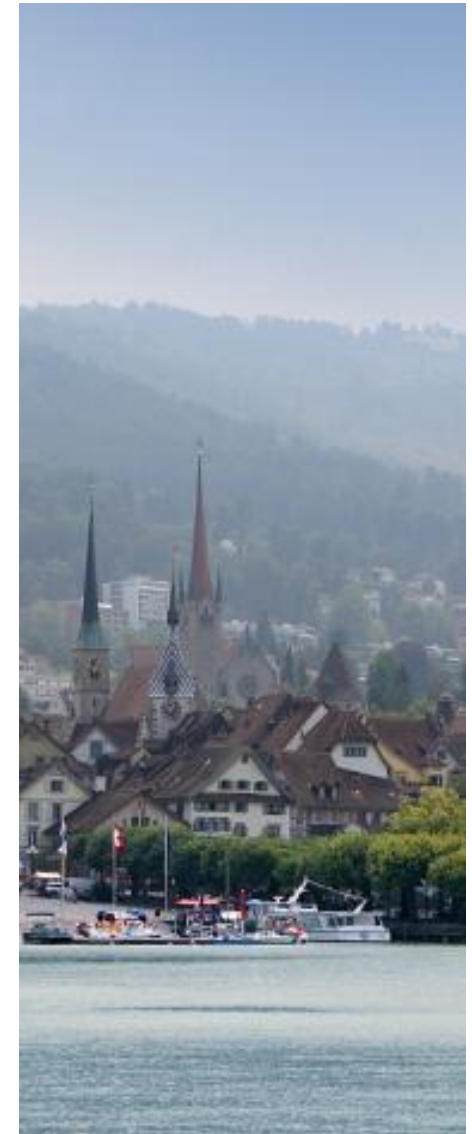
Holding companies which, by means of majority voting rights or in some other way, exercise control over one or more other companies and which, in addition, meet two of the following criteria:

- total assets of more than CHF 10 million
- turnover of more than CHF 20 million
- more than 200 employees

are obliged to prepare consolidated financial statements each year.

There are no particular consolidation or valuation rules foreseen by law apart from the general principles of orderly presentation of accounts. In order to meet international requirements, it is, however, permissible and, in fact, very common, for companies to use other standards, such as "International Accounting Standards (IAS)", the "U.S. Generally Accepted Accounting Principles (U.S. GAAP)" or comparable guidelines laid down within the European Union.

In connection with the revision of the law governing the GmbH and the AG, the general accounting stipulations will also be harmonised for all legal forms under private law. The requirements will differ depending on the economic significance of the companies. There will be more transparency and better protection of minorities due to additional accounts based on a recognised set of rules.





### 3.3. Operating costs

The following table shows the ongoing annual operating costs of a corporation in Switzerland and serves simply as a model:

Personell costs (incl. social security premiums)	dependent on number and type of staff
Rental costs for business premises per m <sup>2</sup> /p.a.	CHF 150.00 to CHF 450.00
Fees for external members of the Board of Directors, where applicable	from CHF 4'000.00 (incl. approx. 10 % social security premiums and professional liability insurance)
External bookkeeping/accounting	min. CHF 1'000.00 to CHF 5'000.00
Audit (charged by time expended)	min. CHF 1'000.00 to CHF 5'000.00
Domiciliation fees for pure domicile companies	CHF 1'200.00 to CHF 4'000.00
Insurance coverage (voluntary third-party liability insurance, mandatory accident and sickness insurance, mandatory pension funds, etc.)	dependent on extend of insurance coverage and number of staff
Other costs (postage, telecommunications, water, electricity, general expenses)	





## 4. Special stipulations for foreigners

### 4.1. Work and residence permit

Since the bilateral agreements between the European Union (EU) and Switzerland, which also apply to the European Free Trade Association (EFTA), entered into force, EU and EFTA citizens staying in Switzerland for the purpose of gainful employment as a rule have had legal access to the Swiss employment market, to the extent the conditions provided for in the treaty have been fulfilled. The stipulations of the treaty are implemented by the cantons. The Cantonal Department for Matters regarding Foreigners (KAFA) approves residence upon presentation of an employment confirmation or an employment contract.

### 4.2. Purchase of real estate by non-Swiss citizens

The purchase of real estate in the Canton of Zug is possible largely without restrictions and permits. There are no restrictions for the purchase of real estate by Swiss-controlled companies.

#### 4.2.1. Purchase for business purposes

No permit is required if real estate is purchased for business purposes (including reserve areas), even if the real estate is not used by the purchaser but is rented or leased out to a third party. That also applies if purchases are made by foreign-controlled companies. Consultation with the Cantonal Economic Department is nevertheless recommended.





#### 4.2.2. Purchase for residential purposes

Citizens of the 15 "old" EU member states and the EFTA states with their main place of residence in Switzerland can purchase real estate of any kind in the same way as Swiss citizens. They do not need an additional permit.

For foreigners with their place of residence abroad and for foreigners who live in Switzerland but are neither EU nor EFTA citizens and who do not possess a valid permanent residence permit, real estate of up to 3,000 m<sup>2</sup> can be purchased without a permit if it serves as self-used residential property (main place of residence) if the purchaser has the right to stay in Switzerland without time limits.

For real estate of more than 3,000 m<sup>2</sup> land area, the purchase can only be made without a permit if so decided by the Department of Economic Affairs.





## 5. Corporate Taxation

### 5.1. Principles of taxation

The Swiss tax system is characterized by various levels of direct taxation

- direct federal tax
- cantonal and municipal taxes

Furthermore, the tax legislations in the individual cantons are often very different from each other. The cantons were, in fact, required to adapt their tax legislations per 1.1.2001 to the federal tax-harmonization law. This harmonization law did not, however, aim to make every canton adopt exactly the same tax legislation. Important decisions, such as the fixing of tax rates and tariffs, continue to remain under the authority of the cantons.

The Canton of Zug has, with the revised tax law, further improved what were already attractive conditions for legal entities and has strengthened its position as the canton with one of the lowest tax costs. Companies active in the canton of Zug will continue to be able to enjoy the attractive location benefits.

One decisive advantage of Zug as a business location is, however, not only the low rates of taxation but the uncomplicated, unbureaucratic communication between the cantonal tax authorities and the tax-payers.

### 5.2. Cantonal and federal taxes

In principle, private individuals and legal entities are liable to tax in the canton of Zug if their residential or business domicile is in Zug or they operate a branch here. An obligation to pay tax on assets and income in Zug can, under certain circumstances, also exist if the domicile of the individual or legal entity is outside Switzerland. Foreign people can, for example, be taxed at source for income which they earn professionally in Zug, such as directors' fees, remuneration for attending meetings, etc. In cases like this, it is advisable to consult the relevant double taxation





treaty whose purpose is to avoid a double tax burden. Switzerland maintains treaties of this kind with most industrialized nations

### 5.3. Income and capital tax

Direct federal tax, cantonal and municipal taxes are levied on the income (profit) of a corporation. The capital is subject only to cantonal and municipal taxes.

Depending on the activity of a corporation (an AG or a GmbH), the tax rates vary. There is a differentiation between the operating company, the holding company, the domicile company and the mixed company. The canton of Zug offers tax privileges to holding, domicile and mixed companies.

Operating companies are enterprises which carry out a trading, manufacturing or service activity in the canton of Zug. They are subject to ordinary taxation.

Tax is payable on the taxable net profit and the paid up share or foundation capital as well as on disclosed and the taxed hidden reserves.

	Capital and reserves	Profit
Direct federal tax	0.0 %	8.5 %
Canton / Municipality simple tax <sup>*1</sup>	0.5 ‰	4.0 % on profits up to CHF 100'000.00 7.0 % on profit excess of CHF 100'000.00 <sup>*2</sup>

<sup>\*1</sup> Based on the simple tax, the canton, the municipalities and the church denominations levy their multipliers (collectively between 151% - 178%)

<sup>\*2</sup> On average, the canton of Zug has the lowest tax rates of all the cantons in Switzerland.





## 5.4. Privileged taxation

In contrast to direct federal tax, which only provides limited privileges for holding companies, the tax legislation of the canton of Zug provides privileged taxation for certain corporations, depending on their activity.

### 5.4.1. Holding companies

The term “holding companies” is used for those companies whose purpose is the ongoing management of investments in other companies and which do not conduct any business activity in Switzerland. An additional requirement is that the investments held or the revenues earned from them must represent at least 2/3 rds of the entire assets and/or of the entire income. Holding companies are exempt from cantonal income tax and pay a reduced rate of capital tax. At federal level, and based on the income from significant investments in other companies, it is possible to claim a tax reduction (the so-called participation deduction).

	Capital and reserves	Profit
Direct federal tax <sup>*1</sup>	0.0 %	8.5 %
Canton / Municipality	0.75 ‰	0.0 %

<sup>\*1</sup>The Confederation does not offer a holding privilege as such. It does, however, provide a participation deduction.

### 5.4.2. Investment companies

In the same way as for the participation deduction at federal level, a tax reduction is granted at cantonal level for significant investments in other companies.





### 5.4.3. Management companies

A management company is a domicile or mixed company. Domicile companies are characterised by the fact that they simply have their business address in the Canton of Zug but do not conduct any actual business activity in Switzerland. In particular, they have neither staff nor offices of their own.

Mixed companies are those whose business activity is primarily related to business abroad, whereas any business activity in Switzerland itself is of a secondary nature. For management companies, revenues from Swiss sources are fully taxed, whereas income from foreign sources are proportionately taxed, depending on the extent of the activity. Income from investments in other companies is tax-exempt.

### 5.5. Withholding tax

The distribution of a corporation's profits, e.g. in the form of dividends or other kinds of distribution, is subject to the Swiss Confederation's withholding tax. This tax is levied at source and is currently at a rate of 35 %. A refund of this tax depends on whether the double taxation treaty between Switzerland and the country of residence of the recipient provides for a refund.

In a relationship between a Swiss parent and a Swiss subsidiary, the company which is paying out a cash dividend can choose between delivering up the (withholding) tax or applying the notification procedure. The Federal Council decreed, as per 1 January 2001, the relevant change to the Implementation Ordinance with regard to the Federal Law on Withholding Tax.





## 5.6. Value-added tax

Within the framework of business activity, it is important to note that supplies of goods and services within the territory of Switzerland give rise to value-added tax (VAT) which is levied on gross sales. Liability for VAT begins as soon as domestic gross sales reach a level of CHF 75'000.00 per annum. The normal rate is 7.6 %, which is low in an international comparison (the normal rate in the EU is between 15 % and 25 %). For certain goods and services, the rate is 2.4 %, (e.g. for newspapers, medicines, food and drinks, etc.). Turnover derived from the supply of goods and services to customers abroad is exempted from VAT.

## 5.7. Double taxation treaties (DTT)

In order to avoid a duplication of taxes, Switzerland has signed double taxation treaties with most industrial nations such as Germany, the USA, etc.

DTTs cover, in particular, the following aspects of tax:

- Exemption of profits from branches in the partner-nation
- Reclaiming of source taxes
- Taxation of royalties and licence fees

## 5.8. Tax relief for companies

The granting of tax relief was foreseen in the Federal Tax Harmonisation Law and has been included in the tax law of the Canton of Zug. The formulation of the article in the law does, however, tend to indicate a restrictive method of implementation.

Apart from the foundation of new companies, a significant change in the existing operational activity can also qualify for tax relief. Decisions with regard to tax relief are made by the government of the Canton of Zug, based on requests from the Economic and/or Finance Departments. Tax relief applies to cantonal and municipal taxes.





## 6. More on business conditions

### 6.1. Employment law / employment relationships

Switzerland's employment law is considerably more liberal than that of most of its European neighbours. There are comparatively few compelling regulations with regard to the content, and particularly the termination, of employment relationships.

Furthermore, Swiss employment law is considerably more sympathetic to employers with regard to employee inventions and the development of commercial designs and models.

Nowhere else in the world are less working days lost because of industrial disputes than in Switzerland. Most Swiss employees are not members of a trade union.

Switzerland not only has an exceptionally well-structured education system but also four national languages, which means that employees here have an above-average knowledge of more than one language. In addition, there are numerous further education institutions which provide employees with specialist training, e.g. the Institute for Financial Services ("IFZ"; [www.ifz.ch](http://www.ifz.ch)) in Zug, which provides higher education, partly in English, in the fields of trade and finance. Colleges of higher education and universities, as well as polytechnic colleges, are all located in or very close to Zug ([www.unizh.ch](http://www.unizh.ch), [www.ethz.ch](http://www.ethz.ch), [www.fhz.ch](http://www.fhz.ch)).

For foreigners working here, it is particularly important that for themselves and/or their children, the canton of Zug offers a large selection of private schools, which provide special curricula for people who speak a foreign language. A list of these schools can be obtained from the Department of Economic Affairs ([www.zug.ch/economy](http://www.zug.ch/economy)).





## 6.2. Social insurance law

### 6.2.1. AHVG, IVG and BVG

Social security in Switzerland is based on a 3-pillar principle covering old age, death and invalidity. The basic state insurance (1st pillar) is supplemented by the obligatory staff welfare fund (2nd pillar), and customized to individual needs by tax-privileged individual pension savings (3rd pillar).

Insurance coverage		Known as	Premiums paid by
<b>1st pillar: existence assurance:</b> minimal assurance of financial existence in old age and in cases of invalidity	AHV/IV		9.8 % of salary paid half each by employer and employee <sup>*1</sup>
<b>2nd pillar: staff welfare:</b> Continuation after retirement of accustomed standard of living	BVG		Equal contributions by employer and employee
<b>3rd pillar: voluntary, individual supplementary retirement savings</b>			Payable by the employee

<sup>\*1</sup> The employer deducts the employee's contribution (4.9 %) from his or her salary.

An international survey shows the differences between compulsory employer's and employee's contributions as a percentage of a US\$ 100'000.00 annual gross income in various countries.

Country	Employer	Employee	Total
Switzerland	12.9 %	10.3 %	23.1 %
Austria	21.9 %	18.0 %	38.8 %
Germany	20.9 %	20.9 %	41.7 %
Italy	41.9 %	9.2 %	51.1 %
France	41.8 %	20.9 %	62.8 %

Source: Corporate Consulting & Technology (CCT SA), Geneva, August 2006 (www.cc-tgroup.com)





This shows that employers and employees in Switzerland pay significantly less in social security costs than their counterparts in our neighbouring countries.

### 6.2.2. International treaties

Basically, every person who pursues an occupation for gain in Switzerland must be insured. With conclusion of the freedom of movement treaty between the EU and Switzerland, the social security systems of those states were co-ordinated. The mandatory insurance coverage is linked to the place at which the person works. The same applies for the EFTA. For those people who are not subject to the freedom of movement treaty, the social security treaties which Switzerland has concluded with a few European nations and the USA continue to apply.

### 6.2.3. EO and AVIG

In addition, the employer must deduct further premiums from salaries for the defence duty compensation fund (EO) and unemployment insurance (AVIG).

### 6.2.4. Accident insurance

The employer is obliged to insure the employee for accidents and illness incurred at work. Insurance premiums for accidents outside work are paid by the employee. For industrial accidents the employer pays the insurance fees.





### 6.2.5. Sickness insurance

In addition, everyone who lives in Switzerland must take out insurance from a Swiss sickness insurance institution for care in the case of sickness (as an in- or outpatient) within three months of entering the country. If the stay is for less than 3 months, the insurance obligation does not apply. In relations between the EU/ EFTA and Switzerland, working people are obliged to take out sickness insurance in the country in which they work. It should be noted that in Switzerland, family members who do not work are not automatically included in insurance coverage. For all other employees, the insurance obligation might not apply if the mandatory foreign insurance protection is comparable with the Swiss sickness insurance.

### 6.2.6. Costs for the employer

As a rule, the employer must register for the following mandatory social insurances. The employer's premium contributions are, on average, the following percentages of the underlying salary:

Old age and surviving dependents insurance law (AHVG)	4.20%
Invalidity insurance (IV)	0.70%
Defence duty compensation (EO)	0.15%
Unemployment insurance (AVIG)	1.00%
Family allowances	1.60%
Accident insurance (average rate)	2.00%
Staff welfare fund (BVG) (average rate)	6.00%
<b>Total</b>	<b>15.65%</b>

For his or her part, the employee additionally also pays a part of some of these insurance premiums. The point of contact for the various insurance institutions is usually the employer.





### 6.3. Quality assurance

Since 1 April 1998, the Federal Law for the Combating of Money Laundering in the Financial Sector (Money laundering law, MLL) has been in force in Switzerland. It prescribes new rules of care and diligence for so-called financial intermediaries active in the provision of financial services. Apart from banks, life insurance companies, securities traders, gambling houses and individual fund managements, other parties (private individuals as well as corporate entities) can also qualify as financial intermediaries to the extent that they professionally accept third party assets and keep them in safe custody or assist in investing or transferring them.

The objective of the MLL is the monitoring of professionally active financial intermediaries by means of self-regulatory organisations (SRO) under civil law, whereby, the possibility remains that the Federal Control Authority can directly assume the supervisory function. Since 1st April 2000, all financial intermediaries must be members of a recognised SRO (Self-Regulatory Organisation) or be in possession of a permit from the Federal Treasury in order to carry out their activities.

Within the framework of the MLL, the SRO defines how the financial intermediaries who are its members are to fulfil their obligations in terms of verification, information, documentation and reporting and how the fulfilment of these obligations will be controlled.

### 6.4. Legal protection

Both cantonally and on a federal level, Switzerland provides an extensive system of legal protection. International treaties with various nations guarantee that court verdicts reached in Switzerland are subject to simplified enforcement.

A peculiarity of the Swiss legal protection system is the enforcement procedure used exclusively for money claims (the so-called debt-collection and bankruptcy procedure), which enables the fast and efficient settlement of claims for money and which is, in principle, creditor-friendly.





## Index of abbreviations

<b>AG</b>	Aktiengesellschaft (joint-stock company, limited by shares)
<b>AHVG</b>	Old age and surviving dependents' insurance law
<b>AVIG</b>	Unemployment insurance law
<b>BFA</b>	Federal Department for Matters concerning Foreigners
<b>BVG</b>	Staff welfare fund law
<b>DTT</b>	Double taxation treaty
<b>EFTA</b>	European Free-Trade Association
<b>EO</b>	Defence Duty Compensation Ordinance
<b>EU</b>	European Union
<b>GmbH</b>	Gesellschaft mit beschränkter Haftung (limited liability company)
<b>HDV</b>	Zug Trade and Services Association
<b>IFZ</b>	Institute for financial services, Zug
<b>IVG</b>	Invalidity insurance law
<b>KAFA</b>	Cantonal Department for Matters regarding Foreigners
<b>MLL</b>	Money laundering law
<b>SECO</b>	State Secretariat for Economic Affairs
<b>SRO</b>	Self-regulatory organisation
<b>VAT</b>	Value-added tax
<b>VSB</b>	Agreement on observance of care in accepting funds
<b>WIPO</b>	World Intellectual Property Organization
<b>ZAA</b>	Zug Attorneys' Association
<b>ZTV</b>	Fiduciary Association of Zug

Source: [www.zug.ch/economy/](http://www.zug.ch/economy/)

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