



01/2022
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"Dum spiro, spero"

Zurich, January 2022

Emre Özdemir
Managing Partner

Dear Reader,

On behalf of **a&o**, I would like to wish you, your employees and your families all the best, with fortune, good health and success in the new year. Thank you so much for the many holiday and New Year greetings we received.

COVID-19 has presented us with a host of new and unexpected challenges, ranging from lockdowns and the associated restrictions on our freedom of movement to the question of whether the common good takes precedence over the right to bodily integrity. Working from home and home schooling have gone from being "unthinkable" to a hard reality for some people. Ever since the pandemic began, it seems that the measures implemented to contain it have been amended, revised, lifted, reintroduced, overhauled again and then implemented differently after all on a weekly basis.

Here at the **a&o** group, we see ourselves as a support for hard-working businesspeople. When we took over the management of the **a&o** group from Roger Werner in 2016, he gave us a number of important principles, one of which was that **a&o** creates the connection between people and numbers. We therefore saw ourselves as bridge-builders. Why? So that people (our clients) can interpret the figures (annual financial statements) better in order to make the right decisions. As time went on, it became necessary to build more and more bridges between authorities, employees, shareholders, families, suppliers, banks, insurance providers, etc. Not only have we built bridges between people and numbers, but also from one person to another. In a world that is changing day by day.



The challenges associated with ongoing change, the pandemic and the constant back and forth have become even greater. Here at a&o, we have been living for years in a world in which a lot of established truths are being questioned. We would first of all like to take this opportunity to thank our employees. Without their tireless hard work and their willingness to hold steady during these stormy times, we would have lost sight of the most important goals.

Building bridges without any clients does not make any sense. Our clients are the reason why we roll up our sleeves every day before sunrise to tackle the daily challenges and issues.

The pandemic made it clear that life is full of surprises, with some good moments and some not so good. Having to spend days in isolation doesn't make things any easier. We are very proud that we didn't leave our clients, partners and employees to fend for themselves during these times. We don't have the answer to every question, nor are we aware of every possible future scenario. We are also in the dark at times, and don't always know what to do. Since the start of the pandemic, we have been dealing with issues such as COVID-19 loans, hardship benefits, reduced working hours and tax questions.

Since the early 20th century, Cicero's saying "dum spiro, spero" ("while I breathe, I hope") has been translated as "hope dies last". Although the pandemic has already been with us for a long time now (some would say too long), and there is still a lot that we don't know, we are hopeful for the future. a&o was established more than 75 years ago, and recent years have taught us that people have the capacity to roll up their sleeves and play a part in shaping that future. Despite all our efforts, the future will be full of uncertainty. But we see this as a source of numerous opportunities and new possibilities. Personally, I am very happy to be making this journey with you.

Please feel free to contact me on +41 58 101 02 10 or at e.oezdemir@kreston.ch with your issues, criticisms, feedback, ideas or questions.

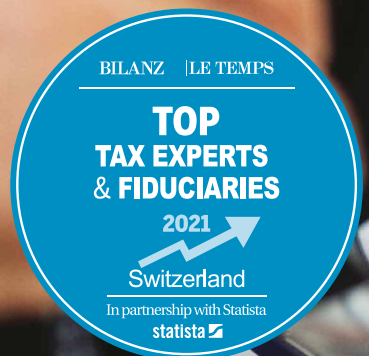
I am looking forward to a constructive partnership with all our clients and business partners, as well as the authorities. I can't wait to successfully tackle the future in these uncertain times. Despite everything, and thanks to hope, we are staying true to our motto:

"People do business with people they know, like and trust"

Yours sincerely,
Emre Özdemir

We are proud to once again be counted among Switzerland's best tax experts and fiduciaries (12th in the overall ranking)

We are YOUR strong financial partner, and will continue to give our all in the future.





Change in the treatment of company cars from 1 January 2022



Andreas Kretz

Tax advisor
BSc in Business Administration



Thomas Bodmer

Partner
lic. oec. publ., dipl. Tax Expert
Head of Tax

Ever since the FERI project was launched to fund and expand Switzerland's rail infrastructure, the treatment of company cars has not exactly been simplified for those involved. Among other things, the authors look at how company cars are currently dealt with and explain the planned changes that are to be introduced from 1 January 2022. In addition to a summary of the outcomes of the consultation on the changes, potential alternative solutions are described.



If a company provides a company car to an employee, a distinction must be made between the following cases:

- The vehicle is used exclusively for business travel and is kept at the place of work. No private component needs to be accounted for in this case.
- The employee uses the company car both for business purposes and for the journey between their home and their place of work. No other private journeys may be made. In this case as well, no private component is to be accounted for but the "F" field must be checked in the salary statement.
- The company car is used for a mix of purposes. Employees may also use this car for private journeys. As in the second case, the "F" field must be checked and a private component must also be declared as payment in kind. This can be charged on a fixed or effective basis. The fixed rate is 9.6% per year, or 0.8% of the vehicle's price excluding VAT.

The consequences of FERI for taxation and administration

The FERI bill entered into force as of 1 January 2016. The bill limits the federal tax deduction for travel expenses to a maximum of CHF 3,000. Owners of company cars pay tax on a higher level of income because the journey between their home and their place of work is included. This affects employees with long commutes in particular. Many of the cantons have followed suit and introduced their own limits into the cantonal tax codes, albeit with a higher fixed rate in most cases.

The necessary adjustment can be reduced by days spent working in the field or from home. In order to allow the tax authorities to check the number of days this involves, employers are required to state the percentage of time spent working in the field in section 15 of the salary statement. Depending on the sector, this requirement can significantly increase the employer's administrative workload.

• PRACTICAL EXAMPLES

A lot of different arrangements are encountered in practice:

- The company pays all procurement, leasing, maintenance and fuel expenses.
- More restrictive regulations, such as: employees pay fuel expenses incurred while travelling abroad on holiday or during unpaid leave. In this case, the employer does not contribute to the excess, but does pay the excess in full in the case of domestic journeys. And/or: the company reimburses public parking and vehicle cleaning expenses only insofar as they are judged to be appropriate following an expenses assessment.
- Employees contribute to certain costs (e.g. a portion of the leasing expenses) and as a result are able to afford more expensive vehicles than the employer would otherwise allow.
- Employees pay the costs of the private portion by means of its deduction in their salary statement, for example.
- Vehicles are held privately by employees. However, the employer pays fixed monthly or annual allowances to employees who are entitled to a company car.

Employers must therefore check whether their employees actually commute long distances before and after work. This has been determined in some sectors based on employees clocking in and out, while new analyses were required in others.

The tax authorities have specified fixed field work percentages in order to reduce the workload somewhat. But these fixed percentages certainly do not apply to all employment arrangements and are often much too low. Employers are also free to obtain a separate, advance



ruling from the tax administration of the canton in which they are based for certain categories of employees, although this is usually only an option for larger companies. The FERI bill has made company cars less appealing.

FERI should certainly should not be viewed as a pragmatic solution. Politicians have also come to this realisation. Council of States member Erich Ettlin, for example, submitted a motion that was referred to the Federal Council by the Swiss Councils in 2018. The motion proposed no longer adding employees' journeys to work using a company car to their taxable income and massively increasing the fixed allowance.

Changes as of 1 January 2022 - from a tax perspective

Ettlin's motion was accepted. The private portion is now being increased from 9.6% per year to 10.80% (or from 0.8% per month to 0.9%). This slightly increases the taxable income triggered by the company car.

A minimum private component of CHF 150 per month is also applied in practice. If this is not changed, the minimum amount will now apply to vehicles worth CHF 16,667 or more (previously: CHF 18,750).

On the other hand, transportation without pay along the journey to work using the company car is now no longer subject to income tax. The deduction of travel expenses up to CHF 3,000 is deemed to be included in the fixed allowance and can not therefore be claimed in addition. However, this does not necessarily only apply to direct federal taxes. Cantons can approve the deduction of costs over and above CHF 3,000. This regulation will be difficult for the cantons to implement, and there are no stipulations governing how the cantons will handle this problem for the difference between CHF 3,000 and the cantons' higher fixed allowances. There is a danger that the cantons will not approve any additional deductions.

• EXAMPLE CALCULATION

An employee travels around 106 km to work. His employer provides him with a company car. The allowance per kilometre is 70 centimes, and the number of days worked is 120 (with no field work).

Offsetting of taxable income, gross	CHF	17,808
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– Calculation: $106 \text{ km} \times 2 \times 120 \times 0.70$		
less limited deduction for professional costs	CHF	3,000

Offsetting of taxable income, net	CHF	14,808
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Based on a marginal tax rate of 30%, this translates into an additional tax burden amounting to CHF 4,442.40. The actual tax rate can also exceed 40% depending on the progression.

This means that the additional burden currently mainly affects company car owners with long commutes. There was no additional burden provided the offset amount fell short of CHF 3,000 or the higher fixed allowances provided for in many cantons.

Conclusions and criticisms raised in the consultation process

As the journey to work using a company car no longer constitutes taxable income, the checks mentioned previously in connection with field work are no longer required. This makes administration much easier. The tax benefits for employees with long commutes in particular are obvious. But the changes also simplify administrative processes.

The bill was not entirely without controversy during the consultation process, however. The cantons of Bern and Graubünden, for example, rejected the proposed fixed allowance in principle. They argued that it would not give adequate consideration to the cantons' different



deductions for travel expenses, as well as taxpayers' individual situations. A clear majority of the cantons called for the fixed allowance to be increased to at least 1% per month or more. This could indicate that many of the cantons will not be very flexible when it comes to recognising the difference with respect to the higher fixed deduction as deductible.

The new fixed allowance is set out in the professional expenses ordinance of the Swiss Federal Department of Finance (FDF), resulting in a variety of interpretations at the cantonal level. Fifteen cantons and the Conference of Cantonal Finance Directors (FDK) made reference to this. Because of their autonomy with regard to the deductions, they argued that the cantons could also specify other fixed allowances in order to determine the taxable income.

As already mentioned, the problem with this is that the cantonal deductions (which will presumably be higher) will not be applied.

Eighteen cantons and two parties (the SP and GLP) argued that employees with long journeys to work or a low number of days spent working in the field would be treated preferentially in comparison to those with short commutes or a high number of days spent working in the field. This would result in the unequal treatment of company car owners. They claimed that insufficient consideration was given in this context to the principle of taxation based on economic capacity.

Alternative solutions

Most of the comments made by the tax authorities are based on the standard case that the majority of the expenses for company cars are paid directly by the employer, and that almost no costs are incurred by the employees themselves. As previously mentioned, there are a variety of hybrid solutions in which employees

contribute to the vehicle costs to varying degrees. The guidance offered by the tax authorities does not give sufficient consideration to these different arrangements. The guidance for completing the salary statement merely states that if a substantial portion of the costs are paid, the comment "Private portion to be clarified as part of the assessment process" can be included in the salary statement. The payment of fuel expenses alone is not enough for this. If the private component is paid by employees, the authors do not believe that it should be included in the salary statement as a bonus, but a comment makes sense in such cases to provide legal certainty for the HR department. This also applies to lump sums paid out instead of assuming all the costs.

Keeping a journey log is always an alternative to the fixed specification of the private component, but this requires precise documentation of the places of departure, destinations and the number of kilometres covered. All private and business trips must be documented in the journey log. If the employee pays all the costs associated with private journeys, i.e. if they are not financed by the employer, no private component (either fixed or effective) is to be included in the salary statement. Even then, however, the journey from home to the place of work no longer forms part of the taxable income.

SOURCES: Consultation on the amendment of the professional expenses ordinance of the FDF (implementation of motion 17.3631 TTC-S), www.news.admin.ch/news/message/attachments/65714.pdf.



Did you know?

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Inheritance: canton of residence responsible for withholding tax

Anyone who inherits should now claim for the reimbursement of withholding tax on their inheritance income in the canton where they live. This change in the Withholding Tax Ordinance enters into force as of 1 January 2022. The canton in which the decedent last lived is currently responsible for reimbursing withholding tax to the inheritors. In the future, beneficiaries of an inheritance that has not been distributed yet should claim for the reimbursement of withholding tax on inheritance income in the canton where they live. This will improve the documentation of income and wealth tax, as well as the proper reimbursement of withholding tax in cases spanning multiple cantons.

New salary statement

Only the new form, which allows the date of birth to be entered in field C next to the AHV number, may be used to declare salaries for 2021. The current form and the guidance for completing the salary statement can be downloaded from the website of the Swiss Federal Tax Administration (FTA):

Payment of VAT credits

VAT credits arise when input tax deductions exceed the amount of VAT declared. VAT credits are always paid out within 60 days. As a payment deadline of 30 days is common in business, the Swiss Federal Tax Administration has now decided to pay VAT credits out within 30 days. This means that it is no longer necessary to apply for early repayment.



VAT and vouchers: what you need to bear in mind

In a recent case, the Swiss Federal Administrative Court drew a distinction between two different types of voucher offered by an outdoor activities provider.

A distinction is to be made between the following types of voucher:

- Vouchers with a particular value. These vouchers are worth a certain amount of money, and are not subject to tax upon sale. Tax is only to be paid on these vouchers when they are redeemed, based on the tax rate that applies to the product or service that they are used to purchase.
- Vouchers offering a particular product or service. These vouchers include a detailed description of the product or service to be provided. The nature of the product or service, and the location where it is to be provided, are stated on the voucher, and the buyer is granted a consumable economic asset. The court classifies this kind of voucher as an advance payment for particular products or services, which means that tax is to be paid at the time of billing or receipt.

The decisive factor for the Federal Administrative Court is that the risk of price increases applies to the recipient in the case of vouchers with a particular value, and to the provider of the product or service in the case of a voucher offering a particular product or service.

If a voucher describes a particular product or service but the voucher and the general terms and conditions of business explicitly state that a different product or service offered by the provider can be purchased up to a certain value instead of the product or service specified, the tax administration treats this as a voucher with a particular value rather than an advance payment, which means that tax is only to be paid upon redemption rather than sale.

(SOURCE: BGE A_2587/2020 dated 10 August 2021)

Video proof of meeting deadlines permitted when delivering letters

At 10:50 pm on the last day of a ten-day deadline, a lawyer delivered an appeal into a letterbox on behalf of his client. He filmed the delivery, and informed the court on another day that the date stamp on the envelope might bear the date of the subsequent day and that he would therefore provide a video to prove that the appeal was submitted on time, which he then did using a USB stick.

The Cantonal Court of Appeal did not accept the appeal, which bore a date stamp for the following day, due to failure to meet the deadline. It argued that the video was not valid proof of timely submission.

However, the Federal Supreme Court ruled in favour of the lawyer. According to the Swiss Criminal Procedure Code, a deadline is also met if delivery is made to the Swiss Post by midnight on the last day of the deadline. In contrast to the Cantonal Court of Appeal's position, the video can be used as evidence for the timely handover to the postal service.

These kinds of videos are to be considered genuine provided there are no indications of forgery. It goes without saying that the video must contain all the elements that are required as evidence.

These are

- The date and time of posting
- The identification of the envelope containing the appeal

Viewing video evidence incurs additional expenses, which the court may charge to the sender.

(SOURCE: BGE 6B_i247/ 2020 dated 7 October 2021)



Our new service: financial interim management / CFO ad interim



Pascal Ebnetter

Fiduciary Team Manager qualified auditor,
BSc ZFH in Business Administration Based
in Zurich

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We offer the following services:

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- Introduction of ERP systems
- Introduction of internal control systems (ICS)
- Preparing thorough business plans, annual budgets and financial planning, for both the Board of Directors and investors
- Rolling liquidity planning to avoid liquidity bottlenecks
- Acting as a sparring partner for the CEO with regard to all operating and financial issues
- Providing support with presentations/applications for investors/banks
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- Supporting projects as an external project manager
- Acting as a strategic sparring partner for the entire finance function
- Supporting the entire accounting function

Our flexible services can be implemented rapidly and easily. By tailoring the advice we provide to your needs, we allow you to focus on what you do best. We can assist you with all your important business decisions. Together, we make sure that processes are efficient and effective, and that management, the Board of Directors and investors receive all the information they need to manage the company in a timely manner. Our experience and our external perspective will help you to get ahead.



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Download the a&o kreston ag app now!





Images from our events

Kreston family bowling, 13 November 2021

We had a great bowling and burger evening. The event was enjoyed by young and old alike, and fun was the name of the game.







New/departing employees

New employees

Asli Aksoy
Beni Melliger Muller

Joined on

1/12/2021
17/1/2022

Departing employees

Beat Werder
Yannick Blum
Daniela Haider
Corinne Stofer

Left on

30/11/2021
31/1/2022
31/1/2022
28/2/2022

New trainees

Baden-Dättwil site

Theodor Bahnan

Joined on

8/8/2022

Baar site

Alexis Hirschi

8/8/2022



Congratulations on passing your exams

Emre Özdemir	Qualified Fiduciary Expert
Séline Panknin	Certified Real Estate Marketing Agent

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What started ten years ago as a start-up in Vienna has now grown to become one of the most important information platforms for job seekers. Anonymous ratings of employers by employees, applicants and trainees can be viewed on kununu by anyone, without the need to register. The kununu culture compass also provides insights into the corporate culture, as well as information on pay.

Our profile on kununu:

<https://www.kununu.com/ch/ao-kreston>

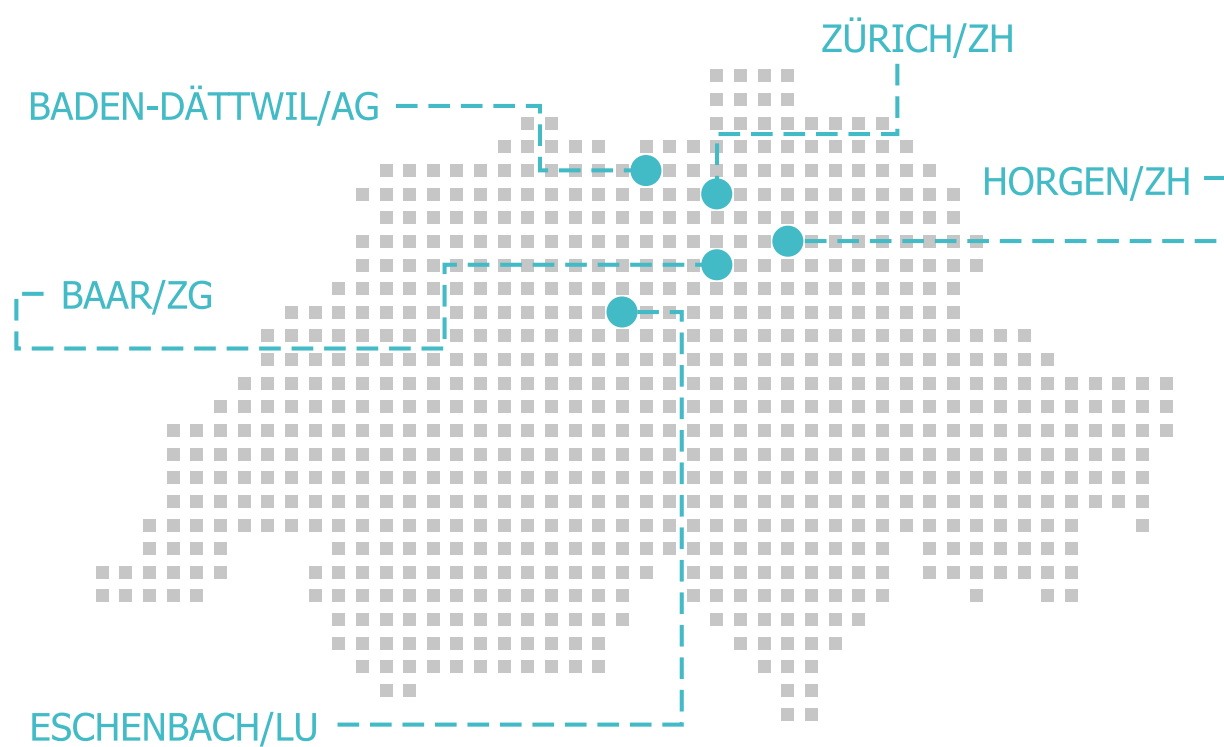


kununu Top Company seal 2022

a&o kreston ag was awarded the new Top Company seal 2022, putting it among the top five per cent of the most popular companies on kununu.



Our offices



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1971

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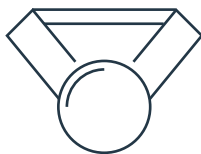
200+

COMPANIES



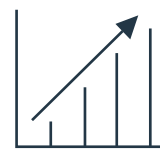
25,000+

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12th*

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\$2.3bn+

REVENUE



a & o kreston ag, CHE-115.359.835 VAT
hello@kreston.ch, +41 (0)58 101 02 02
Schochenmühlestrasse 4, CH-6340 Baar (ZG)
Husmatt 1, CH-5405 Baden-Dättwil (AG)
Rothenburgstrasse 34, CH-6274 Eschenbach (LU)
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