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Blog > Steuerberatung > VAT on electronic services to clients domiciled in Switzerland

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VAT on Electronic Services to Clients Domiciled in Switzerland

As per definition, electronic services are deemed to take place and are taxed at the domicile of the recipient of such services.

If such services are rendered to Swiss counterparties that are non-VAT payers, the service provider is required to register for Swiss VAT.

Electronic services are defined as any types of services provided directly via a remote data transmission line: for example, hosting of websites and servers; remote maintenance of software and equipment; download of software and updates via internet; electronic supply of pictures, graphics, text, and information (such as stock exchange prices, weather forecasts, or public transport timetables); deploying databases; electronic supply of newspapers, magazines, and books; download or streaming of music, podcasts, films, and games (including gambling and lottery); providing of memory space via internet, etc. From a VAT perspective, telecommunication and electronic services are taxed at the recipient's domicile.

Enterprises not based in Switzerland providing such services solely to Swiss VAT payers are exempt from the VAT liability. In such cases, the Swiss VAT payer must declare a purchase of a service from abroad (reverse charge mechanism). But if electronic services are provided to non-VAT payers (e.g. private individuals, domiciled in Switzerland), the foreign service provider has to register for Swiss VAT and pay the VAT on these sales, if the total amount of such sales exceeds CHF 100'000 (up to 2017: total of sales to clients domiciled in Switzerland; from 2018 on: total of worldwide sales).

This implies that enterprises providing electronic or telecommunication services to Swiss non-VAT subjects must register for Swiss VAT for their turnover in Switzerland, if their overall revenue in or outside of Switzerland exceeds the amount of CHF 100'000. As Switzerland is not part of the EU, the European mini One-Stop-Shop procedure does not apply.

Foreign organisations liable to Swiss VAT are required to have a tax representative with a domicile in Switzerland.

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