

Zurich, April 2023

New VAT rates as of 1st January 2024

On 25th September 2022, the Swiss federation voters accepted the amendments regarding the Old Age and Survivors' Insurance (OASI). The most evident changes are the increase of the reference retirement age for women and the increase of the VAT rates. The legislative reform will enter into force on 1st January 2024.

Current regulation

The normal VAT rate is currently 7.7 %, the reduced rate 2.5 % and the special rate 3.7 %. One percent of the VAT revenues is for the benefit of the AHV/OASI.

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From 1st January 2024, VAT rates will be increased in favor of the AHV/OASI.

	VAT rate up to 31 st December 2023	VAT rate from 1 st January 2024
Normal rate	7.7 %	8.1 %
Reduced rate	2.5 %	2.6 %
Special rate for accommodation	3.7 %	3.8 %

The increase in VAT rates results in an adjustment of the net tax rates.

What must be considered when invoicing

In case of VAT, neither the date of invoicing nor the payment is decisive for the applicable VAT rates, but rather the time the service is provided. As a general rule, the following applies: Services provided until 31st December 2023 are subject to the previous tax rates, services provided from 1st January 2024 to the new ones.

If the service is provided both before and after the increase of the VAT rates, the service must be calculated and shown separately for both periods on the invoice with the applicable tax rate. If these formal requirements are not met, the entire invoiced amount must be settled at the new tax rates. From the point of view of the invoice recipients, this means: even if an invoice for a service shows a too high tax amount, the tax on the invoice is owed.

What else needs to be considered:

Partial payments and partial invoices

Orders that have not been completed by the end of 2023, should be settled in partial invoices or correctly deferred. The services commenced must be listed in detail in terms of type, object, scope, and period.

Advance payments

An advance payment exists if no service has yet been provided at the time the tax claim arises. In this case, it is already known that the delivery or service will not take place until 31st December 2023 and therefore this part of the service must be settled and listed at the new tax rate both in the invoice to the customer and in the VAT declaration.

Periodic services partially provided after 1st January 2024

Services invoiced beyond 31st December 2023 (e.g. season tickets for public transport) must be divided on the invoice pro rata temporis and settled at the previous and new tax rates.

Reductions in remuneration

Reductions in remuneration (debtor losses, discounts) for services from the period before 1st January 2024 must be corrected using the previous tax rates.

Turnover bonus

Credit notes for sales or other discount refunds to customers dated from before 1st January 2024, must be settled at the previous tax rates as a fee reduction. Regarding the credits for the period before and after the reference date, these must be divided pro rata temporis and settled at the previous and new tax rates.

Returns

Returns of goods or reversal of services must be treated as reductions in remuneration at the tax rates applicable at the time the service was provided.

Rental and leasing agreements

If the period of payment of an instalment extends beyond 31st December 2023, the benefit shall be allocated to the corresponding rates. Standing orders extending beyond the end of the year should be adjusted to the applicable tax rates from 1st January 2024.

Importation of goods

The new VAT rates will also apply to the import of goods from 1st January 2024. Relevant for determining the applicable VAT rate is the time at which the import tax liability arises.

Reference tax

Supplies that are subject to reference tax must also be looked at more closely: the applicable VAT is determined by the time of receipt of the service and not by the date of payment or invoicing. If the benefit is received beyond the end of 2023, the date or period of receipt of the benefit and the respective portion of the amount attributable thereto must be shown separately and the old or new VAT rate must be applied accordingly.

Deduct

The tax invoiced may be deducted in the context of the business activity. If the supplier issues the invoice with the wrong VAT rate and subsequently invoices the tax difference, the recipient may also claim the tax difference as input tax deduction.

Regarding accounting systems, it must be ensured that the new rates are stored and that the correct tax rate is applied.

Deduction of fictitious input tax

In the case of fictitious input tax deduction, the invoiced amount is understood to include VAT, at the rate applicable at the time of purchase.

Declaration for VAT return

From the 3rd quarter of 2023 with the effective accounting method and from the 2nd semester 2023 with the net tax rate method, sales can be declared for the first time with both the previous and the new tax rates.

Fees that are invoiced earlier with the new tax rates must initially be declared at the old tax rates and adjusted from the 3rd quarter or the 2nd semester. An adjustment must be made at the latest at the time of finalization of the 2023 tax period.

If an adjustment is already made in a statement for the second half of 2023 and the tax amount is paid on time, no default interest is due. If, on the other hand, the correction is only made at the time of finalization, default interest is owed. If the interest amount does not reach CHF 100.00, no default interest will be charged.

To ensure that invoicing runs smoothly, it is important to prepare your accounting system for the new VAT rates early. If you have any questions, please do not hesitate to contact us.