BEPS Actions implementation by country
Switzerland

Last reviewed by Deloitte: February 2017

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On 5 October 2015, the G20/OECD published 13 final reports and an explanatory statement outlining consensus actions under the base erosion and profit shifting (BEPS) project. The output under each of the BEPS actions is intended to form a complete and cohesive approach covering domestic law recommendations and international principles under the OECD model tax treaty and transfer pricing guidelines. The G20/OECD output broadly falls into the following categories:

OECD categorisation	Definition
Minimum standard	All G20/OECD members are committed to consistent implementation
Revision of existing standard	
Common approach	Common approaches to facilitate convergence of national practices
Best practice	Guidance drawing on best practices

It is now for governments to digest and introduce the necessary legislation. The table below sets out a summary of the expected local country implementation and timing in Switzerland.

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Action	OECD categorisation	Notes on local country implementation	Expected timing
VAT on business to customers digital services (Action 1)	Common approach	Not yet known.	Not yet known
Hybrids (Action 2)	Common approach	The current view is that existing Swiss tax law is sufficient to prevent hybrid structures.	N/A
CFCs (Action 3)	Best practice	Switzerland does not have CFC legislation and there are no plans to introduce a CFC regime.	N/A
Interest deductions (Action 4)	Common approach	The current view is that the existing thin capitalisation rules are sufficient to prevent unreasonable interest deductions.	N/A
Harmful tax practices (Action 5)	Minimum standard	As part of the legislative process for a revised corporate tax reform, preferential tax regimes are expected to be abolished and a new patent box regime implemented in line with the Action 5 recommendations. The government is expected to introduce new legislation to define the legal basis for the exchange of tax rulings.	By 2020 or 2021 FY 2018
Prevent treaty abuse (Action 6)	Minimum standard	Switzerland has either PPT or LOB clauses in some tax treaties. More treaties and the multilateral treaty are expected to include such clauses in future.	Subject to implementation of the multilateral instrument and bilateral negotiations

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Permanent establishment status (Action 7)	Revision of existing standard	Not yet known, but any changes are expected to be subject to the multilateral instrument.	Subject to implementation of the multilateral instrument
Transfer pricing (Actions 8-10)	Revision of existing standard	In the absence of specific transfer pricing rules in domestic law, the OECD transfer pricing guidelines form the basis for determining the arm's length nature of intragroup transactions for Swiss tax purposes. As such, the new guidelines are valid with immediate effect.	With immediate effect
Disclosure of aggressive tax planning (Action 12)	Best practice	No changes are planned.	N/A
Transfer pricing documentation (Action 13)	Common approach	Switzerland does not plan to make transfer pricing documentation compulsory, but it is expected to monitor the situation. Taxpayers may need to make available the Masterfile that already must be prepared as part of tax audits.	N/A
CbC reporting (Action 13)	Minimum standard	Switzerland has introduced legislation to make CbC reporting for Swiss-based multinational companies mandatory if the group revenue exceeds the threshold defined by the OECD. Switzerland is one of the countries that signed the multilateral competent authority agreement for the automatic exchange of CbC reports.	FY 2017 data will need to be reported in FY 2018
Dispute resolution (Action 14)	Minimum standard Complemented by best practice	Switzerland is one of the countries committed to binding arbitration.	Subject to implementation of multilateral instrument