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**Switzerland – Changes to
Unemployment Insurance
Contributions**

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From January 1, 2014, the unemployment insurance contribution due in Switzerland will be increased following a partial amendment of the unemployment insurance legislation.¹

In Switzerland, a portion of the social security contributions based on the 1st pillar corresponds to the unemployment insurance contribution due by the employee and the employer (based on an equal split between both parties).² The unemployment insurance contribution is composed of a main contribution and a solidarity contribution.

The main contribution is unchanged and corresponds to 2.2 percent (total employer and employee parts) on employment income up to CHF 126,000. The maximum annual contribution is CHF 2,772.

The increase comes from the uncapping of the income base on which the solidarity contribution is applied. Previously, annual employment income between CHF 126,000 and CHF 315,000 was subject to the solidarity contribution of 1 percent (total employer and employee parts) which resulted in a maximum contribution of CHF 1,890 per year. The maximum total unemployment contribution (main and solidarity) was therefore CHF 4,662 (employer and employee parts).

However, starting January 1, 2014, the solidarity contribution will be computed on the total employment income exceeding CHF 126,000.

This will mean an increased liability to unemployment insurance contributions for employers and employees. This could also mean higher tax-related costs for international assignees subject to Swiss unemployment insurance contributions.

Payroll administrators should be prepared to make the necessary payroll adjustments.

Footnotes:

1 See: *Loi sur l'assurance-chômage, LACI / Arbeitslosenversicherungsgesetz, AVIG.*

2 The unemployment insurance contribution is directly withheld by the employer through payroll and then paid over to the Swiss social security authorities (AVS/old age and death). This process is unchanged.

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