

# GMS Flash Alert

2016-148 | December 20, 2016



## Switzerland – New Tax Treatment Applied to Commuting Costs

Under new rules in Switzerland, for employees with company cars, employers must declare the following items on the employees' 2016 salary certificates:

- As in previous years, the shortfall in commuting costs due to use of a company car (tick in box F);
- As in previous years, taxable income for further private-personal use of the car (subject to VAT, source tax, and social security);
- In case of field service when the employee performs work outside the usual place of work, the applicable percentage in the comment box.

---

### WHY THIS MATTERS

Due to the limitation on the tax deductibility of commuting costs, employees with a Swiss tax return filing obligation – including those on international assignment – are facing higher tax charges. As a result, there may be employees with a company car who elect to forego a company car entirely in the future.

Employer-sponsored individual public transportation passes (apart from the SBB half-fare card) are considered to be a taxable fringe benefit subject to VAT and social security. This may raise costs and reduce personal disposable income for employees using such passes.

---

### Background

Starting 1 January 2016, federal tax deductions for commuting were reduced to CHF 3,000 annually. Cantonal tax



deductions for commuting have been reduced in the following cantons (beginning in 2016, unless otherwise noted): Aargau (CHF 7,000 beginning 2018), Appenzell Ausserrhoden (CHF 6,000), Basel-City (CHF 3,000), Basel-Land (CHF 6,000, beginning 2017), Berne (CHF 6,700), Geneva (CHF 500), Nidwalden (CHF 6,000), St. Gallen (CHF 3,655), and Thurgau (CHF 6,000). Other cantons are planning similar deductions. The new, capped deduction amount applies to employees who drive or use public transport when they journey from home to work.

## Company Cars

Under the old rules, individuals who use a company car were not able to claim a deduction for commuting costs. Beginning in 2016 they must declare additional income in their personal tax returns and can claim a deduction. For the federal tax, this deduction has been capped at CHF 3,000. As a consequence, individuals who use a company car and live more than nine kilometers from work will have a higher federal tax liability, due to income in addition to the values of their salary certificates for private use other than commuting of a company car (see GMS [Flash Alert 2016-048](#), 31 March 2016).

For days with no journey to the regular place of work, there is no additional taxable income. Special rules were published by the Federal Tax Administration on 15 July 2016, for the calculation of field service and other days of absence.<sup>1</sup>

As noted above, employers have an additional reporting obligation on the 2016 salary certificates of employees with a company car.

For employers, there is now an obligation to report the percentage of field service (and other days of absence) on the salary certificate. As an alternative to tracking effective field service days, a lump sum percentage of field service days can be declared according to a table published by the Federal Tax Administration on 15 July 2016.<sup>2</sup>

## Employer-Paid Public Transportation Passes

Besides company cars, there are also new rules, stipulated by the Federal Tax Administration and by the Swiss Tax Conference on 12 May 2015, for employer-paid public transportation passes used for commuting to work by the employee (apart from the SBB "half-fare card"),<sup>3</sup> which employers must declare on the 2016 salary certificates as follows:

- No tick in box F;
- Amount of cost paid by the employer as taxable income (subject to VAT, source tax, and social security).

Employees then may deduct commuting costs in their annual Swiss tax return or eventually apply for a source tax adjustment.

---

## KPMG NOTE

As these rules can be complex, it is recommended that organizations consult with their qualified tax professionals who can assist them, and in particular their HR Departments, to comply with these new rules when preparing the 2016 salary certificates and year-end declarations, to inform employees concerned, and to consider alternatives where appropriate.

---



## FOOTNOTES:

- 1 Access a copy of (in German), "[Wegleitung zum Ausfüllen des Lohnausweises bzw. der Rentenbescheinigung.](#)"
- 2 Access a copy of (in German): "[Mitteilung-002-D-2016-d vom 15. Juli 2016 – Neuerungen bei der Ausfertigung des Lohnausweises ab 1. Januar 2016: Deklaration des Anteils Aussendienst bei Mitarbeitenden mit Geschäftsfahrzeug.](#)"
- 3 Access a copy of (in German) "[Beilage zu Mitteilung-002-D-2016-d vom 15. Juli 2016.](#)"

\* \* \* \* \*

CHF 1 = EUR 0.936  
CHF 1 = USD 0.972  
CHF 1 = GBP 0.787



## Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Switzerland:

### Patrick Allemann

Tel. +41 58 249 36 68

[patrickallemann@kpmg.com](mailto:patrickallemann@kpmg.com)

### Thomas Wolf

Tel. +41 58 249 48 05

[thomaswolf@kpmg.com](mailto:thomaswolf@kpmg.com)

**The information contained in this newsletter was submitted by the KPMG International member firm in the Switzerland.**

© 2016 KPMG Holding AG/SA, a Swiss corporation, is a subsidiary of KPMG Europe LLP and a member of the KPMG network of independent firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss legal entity. All rights reserved.

[www.kpmg.com](http://www.kpmg.com)

[kpmg.com/socialmedia](http://kpmg.com/socialmedia)



The KPMG name and logo are registered trademarks or trademarks of KPMG International.

The KPMG logo and name are trademarks of KPMG International. KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever. The information contained in herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

*Flash Alert* is a GMS publication of KPMG LLP's Washington National Tax practice. To view this publication or recent prior issues online, please click [here](#). To learn more about our GMS practice, please visit us on the Internet: click [here](#) or go to <http://www.kpmg.com>.

© 2016 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in the U.S.A. NDPPS 530159