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To each country its own tax law – the exchange between Switzerland and Germany

Dear Sir or Madam,

On 30 January 2018 members of artax Fide Consult AG and of German RIEDLINGER Partnergesellschaft mbB (partner company with limited professional liability) met to have an exchange about the current tax situation.

For quite a while, both companies had been interested in familiarising themselves by liaising with the tax system of the neighbouring country. The profound cooperation that has been in place for years and the joint handling of mandates emphasised this desire. The intention and purpose of the meeting was to get an overview of the tax law of the other country, and thus gain an understanding of the other side. In a nutshell: we explained Switzerland to the Germans and vice versa.

Urs Fischer, partner of artax Fide Consult AG, and a further five employees, this writer included, undertook the journey to Riedlinger Partnergesellschaft mbB. After a short introduction the talks began.

The differences

What we noticed immediately: German tax law is a lot more comprehensive than the Swiss. Our team was amazed when Ms Dagmar Kluge, partner of Riedlinger, put two large tax law books onto the table and started reading some of its articles.

She explained tax liability in Germany, the taxation of natural persons, for instance, that there are two different taxation features (unlimited and limited tax liability), each with its own rather complex regulations, and that there is a foreign tax relation law with its own regulations which allows for continuing taxation of people who have moved abroad and are no longer actually liable to tax. There was also regular input by Mr. Rainer Soboll, another long-standing partner at Riedlinger, who contributed his experiences in practice and talked about numerous court cases he pursued on behalf of clients. It was interesting to see that it is possible to compare the relevant tax rates – by comparison, the Swiss can really count themselves lucky.

In the afternoon it was artax' turn, and we held a workshop in which we demonstrated how to fill in a Swiss tax declaration form, how to read a salary statement and how occupational benefit plans in Switzerland work. Following two court judgements, Germany now has an utterly different taxation treatment of the mandatory and the

supplementary (optional) part of Swiss pension funds and thus often finds it difficult to receive the relevant data required from Switzerland.

Unfortunately time flew so quickly that we were unable to discuss all issues. Nevertheless it was a very productive day with many new insights gained. One thing is for certain: we shall meet again to expand our range and knowledge. Already on the agenda for the next meeting is an in-depth look at turnover tax, and corporate taxes are another issue we have not yet talked about.

Kind regards

artax Fide Consult AG

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