

WORK PERMITS IN SWITZERLAND – A PRACTICAL GUIDE

Every foreigner who wishes to stay or work in Switzerland, even if he is paid from abroad or if he is only working here for a few days or weeks at a time, needs a permit. As a rule, the only exception is if he does not take up employment in Switzerland, and, at the same time, his stay does not exceed eight days within three months. Work permits are combined with a temporary residence permit. If the foreigner is not a citizen of an EU or EFTA country, he will also need a work-visa. The work-visa has to be obtained before entering Switzerland at a Swiss embassy or consulate, upon presentation of the work permit authorisation.

Please note that the following information applies to the Canton of Zurich and may vary from canton to canton.

Furthermore, this guide will be revised as soon as the European Treaty* enters into force.

Types of Permit

«A» Permit (Seasonal Permit)

Seasonal workers are foreign workers who hold a temporary work permit, entitling them to work in an enterprise of a seasonal character such as a winter resort hotel. The seasonal permit is granted for a maximum of **nine months** per year. (This type of permit will be eliminated with the ET* coming into force.)

«B» Permit (Annual Permit)

The annual work permit can be obtained for periods up to four years or for an unlimited length of time (ET*: for a period of 5 years). Foreigners who hold an annual work permit can apply to have their family join them.

«C» Permit (Permanent Residence Permit)

Permanent residents are subject to none of the restrictions placed on foreigners; they may take up employment or be self-employed and choose any job or profession (except for the professions that are exclusively reserved to Swiss citizens). The permanent residence permit is valid only for the canton that granted it. If the foreigner wants to work in another canton, he will need the authorisation of the other canton.

A person may usually apply for the permanent residence permit after ten years of continued residence in Switzerland. The ten-year period has been reduced to five for citizens of certain countries (all EU member states, Iceland, Liechtenstein, Norway and USA).

«G» Permit (Border Commuter Permit)

A foreign national living in the border zone of one of Switzerland's neighbours may receive a border permit for work

in a defined border zone, provided he returns daily (ET*: weekly) to his home abroad. To apply for the border permit, the foreign national must have lived in the border zone of the neighbouring country for at least six months (ET*: This condition will be removed).

«L» Permit (Short-term)

This is a short-term work permit issued for a limited period of 4 to 18 months (ET*: Up to 1 year). It is generally granted to students, trainees and au pairs, but also to executives and highly qualified specialists. Family members of short-term residents are generally not admitted (ET*: Family members will be allowed to join them).

Other Permits

The up to **«120-Day Permit»** allows the permit holder to stay and work in Switzerland within a one-year period for 120 days spread over the whole calendar year. Should he wish to stay up to 4 consecutive months, he needs a **monthly permit**. This permit is convenient if presence in Switzerland is necessary only for a short time and for a specific task.

ET*: Two years after the European Treaty takes effect, it is planned to generally allow persons to enter Switzerland for up to 90 days per year for rendering of services. Europeans will generally not require a work permit for periods up to 3 months.

Non-working foreigners, such as students, health resort guests and retired persons older than 55 years of age, may receive a residence permit if certain conditions are fulfilled. The foreigner acquiring such a permit cannot be gainfully employed.

* European Treaty (ET): On 26 February 1999 Switzerland negotiated a treaty with the European Community which includes a section on Residence and Work Regulations. The objective is to gradually, within 12 years, grant the right to free movement of persons between Switzerland and the EU. The Treaty is yet to be approved by all European Countries and by the Swiss Parliament; it might still be subject to alterations. It will, together with the adapted law, probably come into force at the earliest in the year 2001 and will be applicable to European Citizens and their families.

General Information

The chances to obtain a work permit depend on the qualifications of the employee and the situation in the Swiss labour market. Specialists and executive staff within an intra-company transfer have fairly good chances to obtain a work permit. For intra-company transfers, as a rule, the person must have been employed for at least one year in the foreign company.

The permit is only valid for the issuing canton and for the purpose issued. Accordingly, if the purpose of the stay has been accomplished or can no longer be accomplished, the foreigner must leave. Further, every change of employment, profession, or canton must be approved. As a rule, permission to make such changes is rarely granted during the first twelve months of residence. (ET*: These restrictions will be relaxed.)

As a rule foreigners without C-permit will not be allowed to engage in any kind of **self-employed activity**. (ET*: Permits for self-employed activities will be given under analogous conditions as for employees.)

Application Procedure

The Swiss authorities issue a limited number of work permits and the application follows specific procedures. Applications are made by the prospective employer and should be filed with the competent cantonal labour office 2-3 months before the date on which the person would like to take up work. All supporting documents, facts, figures and arguments showing the need to employ this specific foreigner rather than a Swiss, should be included. It is also important that the salary is equivalent to the Swiss salary level for such employees. KPMG will be happy to file the application for you if you provide us with the following documents and information:

Required Documents and Information

Concerning the employee

- Completed application form with personal details (name, address, date of birth, civil status, nationality)
- Curriculum vitae in bullet point format (not narrative) including personal details, education, academic studies, occupational training, further education and professional experience, all listed chronologically. It is important to note previous employers or sojourns in Switzerland,

to mention activities in group companies up to now, as well as any special qualifications/experience which qualify the employee for the intended job/assignment

- Diplomas and certificates (school, university) and any further proof of relevant assignments or qualifications
- References of former employers
- Copy of the passport

Concerning the employer

- Copy of current entry in the Register of Commerce
- Description of the company
- Description of the department and specific responsibilities of the foreigner
- Copy of the annual report for the last two years
- Anticipated turnover and personnel development in the next two years for the overall company as well as specifically for the department
- Job description (in key words)
- Length of stay and place of residence sought
- Explanation why a Swiss citizen has not been considered for this position and why the company/department is in great need of this employee
- Documentation concerning searches undertaken in the Swiss job market or an explanation of why no search was undertaken. Description of how the employee was located.
- Signed employment contract including the current salary, or in the case of an intra-company transfer, assignment letter from the present employer, stating the employee's years of service, the current salary and confirming that the employee will return upon completion of the assignment in Switzerland.

Spouse and children

The Swiss authorities will allow year-round residents to bring their spouse and unmarried children under the age of 18 years with them on assignment. This allows them to enter as residents only; they are not allowed to engage in gainful employment unless they are in possession of an additional special authorisation. (ET*: All foreigners working in Switzerland will be allowed to bring their spouse and descendent relatives up to 21 years.)

The documents and information needed are:

- Christian and family name, date of birth, address and nationality of spouse and children
- For spouse: marriage certificate
- For children: birth certificate

Visa Procedure (for Non-EU and Non-EFTA Citizens)

Citizens of the US, Australia, Canada and most other Non-European countries will need a work-visa to enter Switzerland. Once the application for the work permit has been approved by the Swiss authorities, they will issue a document giving the foreigner the right to obtain a work-visa for Switzerland at the Swiss consulate or embassy mentioned on the document, which is normally the one nearest to his home address.

Registration

Once the foreigner is in possession of the authorisation form from the Swiss authorities and, if needed, of his visa, he may enter Switzerland. He should make sure to enter Switzerland before the expiry date on the authorisation form. He and his family should register **within 8 days after arrival** but always **before commencing work**. Registration is done at the local community office (if outside the city at the *Gemeindeverwaltung / Einwohnerkontrolle* or within the city at the *Kreisbüro*). He will need his passport and the issued authorisation form.

Work Permit Document

If the foreigner applied for a permit for a period of more than 4 months or 120 days, he will receive a work permit document after his registration. He will need a passport size photo for it.

Extension of the Work Permit B / Verfallsanzeige

B permits which have been issued for several years must be renewed annually. The renewal, however, is a foregone conclusion if the prerequisites for granting the work permit continue to be fulfilled. The local community will send a form («*Verfallsanzeige*») to the employee. He must then take the signed form and his passport to the local authorities for renewal.

Change of Address

If the employee changes his address within the same canton, he must inform the local community «*Gemeindeverwaltung / Einwohnerkontrolle*». He will need to de-register and then re-register with the community office in his new neighbourhood. If he wants to live outside the Canton of Zurich, a special application needs to be filed with the new canton.

Leaving the Company or Switzerland

The foreigner has to de-register at the local community before leaving Switzerland.

The employer also has to inform the authorities (if outside the city, at the *Gemeindeverwaltung / Einwohnerkontrolle* or within the city at the *Personenmeldeamt*) if the employee leaves the Company or Switzerland.

Health Insurance

A foreigner working in Switzerland for more than three months will need to have basic private Swiss health insurance unless he applies for exemption. Home country insurance coverage proven to be comparable may be recognized. Upon registering with the local community in Switzerland, all necessary forms and information will be provided, together with information on how to apply for an exemption. Note that the Swiss health insurance only covers the cost for recovery and not for loss of income.

Accident Insurance

Foreigners paid by a Swiss employer must be insured against occupational and non-occupational accidents. If they are paid from their originating country and working in Switzerland for a limited period, they are not subject to the Swiss accident insurance for the first year. Provided the employee is fully covered for accidents elsewhere, an exemption for up to a total of six years may be granted upon request.

Social Security Levies

The Swiss social security system is divided into three sub-systems (Pillars). It consists of Pillar I: the compulsory federal old age, survivor's and disability insurance (this is the federal social security pension scheme AHV/IV), Pillar II: the compulsory private company pension funds for employees, and Pillar III: the private pension savings and life insurance.

A foreigner employed in Switzerland makes all applicable contributions to Pillar I and II as well as to unemployment insurance (ALV) and to the military compensation plan (EO). The employer pays at least 50 per cent of the total contributions. An employee paid by a foreign employer has also to pay Swiss social security contributions, provided he

stays for more than three continuous months in Switzerland. In this case he must file a form and pay the contributions himself. Under certain conditions and for a limited period, the foreigner may apply for an exemption from contributions if he is covered by a social security agreement between his home country and Switzerland. Switzerland has treaties with most European countries as well as with Canada and the United States. (ET*: The social security system of Switzerland will be coordinated with the one of the European countries).

Taxes

Swiss income tax legislation is divided between federal and cantonal laws. In addition, municipalities, and in certain cases, churches, have the jurisdiction to levy taxes. An individual who moves to Switzerland and takes up employment is subject to Swiss income taxes from the date of his arrival. In general all work permit holders (except «C» permit holders) are subject to tax at source on their employment income. The Swiss employer is obliged to withhold the tax from the gross monthly salary. This tax can be the final tax amount if certain conditions are met. An annual gross salary exceeding CHF 120,000 paid by the local Swiss company or any salary paid by a foreign employer leads to the obligation to file an ordinary tax return. Tax withheld from the salary will be credited against the final tax liability. Numerous double tax treaties allow an exemption from Swiss taxation, upon request, provided the foreigner is a resident in a tax treaty country, resides in Switzerland for less than 183 days per year, the remuneration is paid by, or on behalf of an employer who is not a resident of Switzerland and the remuneration is not borne by a permanent establishment or a fixed base which the employer has in Switzerland. (Note that all of these conditions must be met.)

Legal counsel

Soliciting legal counsel on the subject before filing an application, particularly for work permits, is recommended. Most international firms in Switzerland which have a regular need for work permits have their work permits handled by either an in-house specialist or an external lawyer.

The legal and tax department of KPMG will be happy to provide you with any assistance and information you may require.

For further information please contact:

8026 Zurich

Badenerstrasse 172

P.O. Box

Telephone: +41 1 249 31 31

Legal: Christoph Lehmann, lic. iur.

Tax: Richard Zürcher, Dipl. Betriebsökonom FH

4003 Basle

Steinengraben 5

P.O. Box

Telephone +41 61 286 91 91

Legal: Stephan Erbe, Attorney-at-Law

Tax: Rolf Auer, Tax Consultant

3000 Berne 15

P.O. Box

Telephone +41 31 384 76 00

Legal: Marc Stucki, Attorney-at-Law, LL.M., MBA

Tax: Hans Jürg Steiner, Certified Tax Expert, Swiss Certified Accountant

1701 Fribourg

Rue des Pilettes 1

P.O. Box 324

Telephone +41 26 460 76 76

Legal: Emilie Pittet, Attorney-at-Law

Tax: Christoph Perler, Certified Tax Expert, Attorney-at-Law

1211 Geneva 25

14, Chemin De-Normandie

P.O. Box 361

Telephone +41 22 704 15 15

Legal: Gabriella Russo, Attorney-at-Law

Tax: Carole Pierrehumbert, Tax Consultant

1002 Lausanne

Avenue de Rumine 37

P.O. Box 3040

Telephone +41 21 345 01 22

Legal: Alec Crippa, Attorney-at-Law

Tax: Jean-Michel Clerc, Attorney-at-Law

6005 Lucerne

Rösslimattstrasse 37

P.O. Box

Telephone +41 41 368 38 38

Legal: Dr. Hans Aepli, Attorney-at-Law

Tax: Kurt Widmer, Certified Tax Expert

9001 St. Gall

Bogenstrasse 7

P.O. Box 1142

Telephone +41 71 272 00 11

Legal: Oliver Wittibschlager, Attorney-at-Law

Tax: Daniel Lamminger, Tax Consultant

<http://www.kpmg.ch>

This information sheet makes no claim to be exhaustive. It provides a general overview and is subject to alterations. Zurich, April 2000, Manon Vogel, Attorney-at-Law.