

Promotion of venture capital

The new Federal law on venture capital companies (RKG) supports the provision of venture capital in two different directions:

- When a recognized venture capital company is founded or its capital is subsequently increased, it is exempt from the 1% stamp duty on newly issued securities. These companies also enjoy advantages in the form of a lower threshold value for claiming the equity participation deduction on the Federal tax return. The new or young companies receiving the venture capital must have their domicile or actual administration as well as major portions of their operational activities in Switzerland, may not be "older" than 5 years and not be owned by any company having more than 100 employees.
- Private persons functioning as business angels (BA) who assist in the foundation and development of new companies are entitled to relief from the Federal Tax. If they tap into their private assets to grant subordinate loans for the foundation and start-up of companies, they can take a lump-sum deduction of max. 50% of the loan amount (which must be at least CHF 50,000), but not to exceed CHF 500,000 over a period of 10 years. If losses are incurred the BA can deduct an additional 50% of the loan from the taxable income which can increase the maximum possible deduction to CHF 750,000.

Additional measures are being planned such as further relief to venture capital providers. The Federal Parliament has adopted a reduction of the minimum nominal share value from CHF 10 to just one centime (0.01 CHF), in context of the law on mergers.

↳ www.kmuinfo.ch Task Force KMU (SME) of seco State Secretariat for Economic Affairs

↳ www.admin.ch/ch/d/sr/c642_15.html Detailed text of the law on venture capital

Additional literature: Location:Switzerland, Internal study with overview of VC institutions by Cantons (2000)