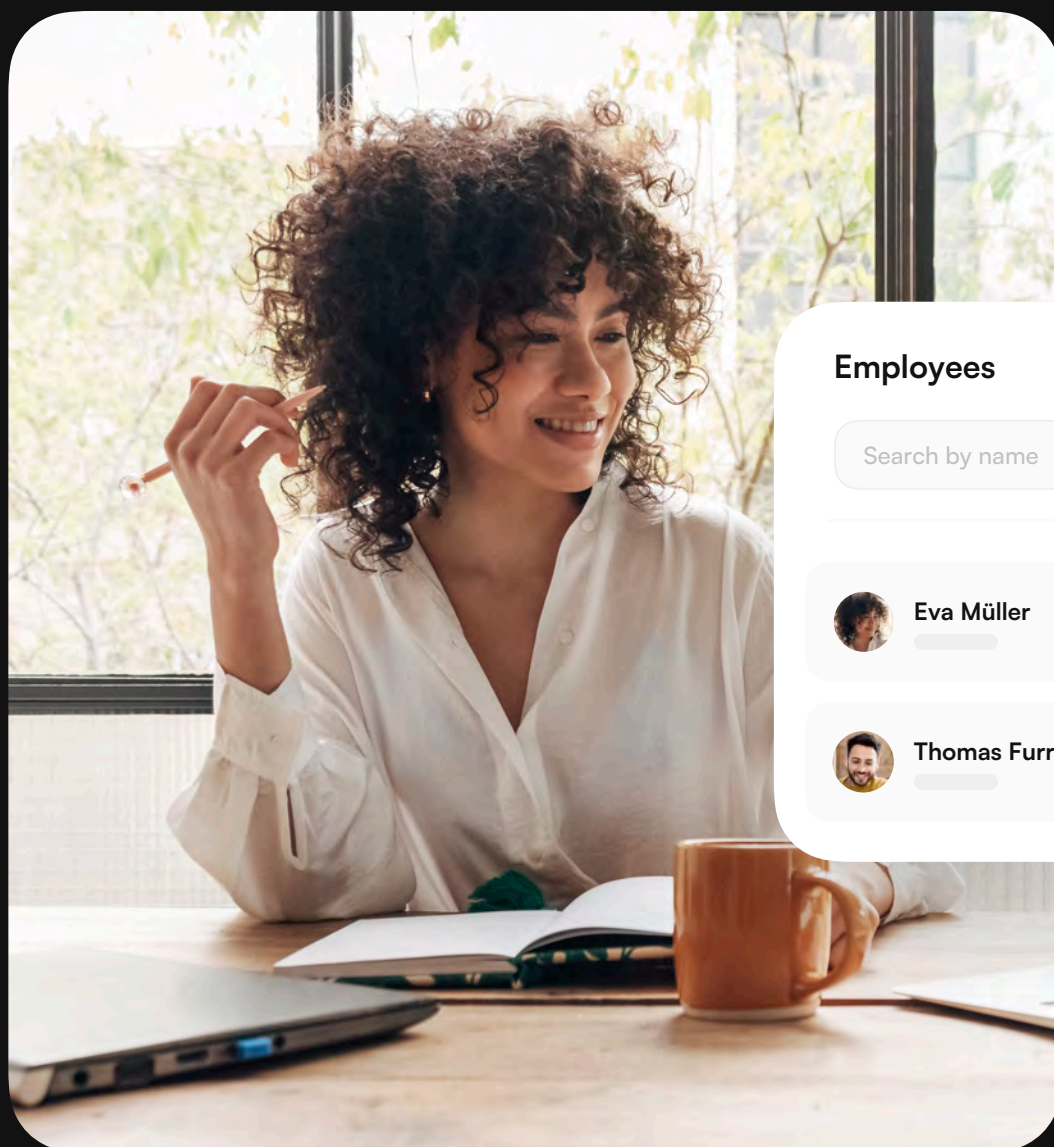


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Global hiring guide for Switzerland

The essential guide to hiring
overseas employees in Switzerland



Employees [Add employee](#)

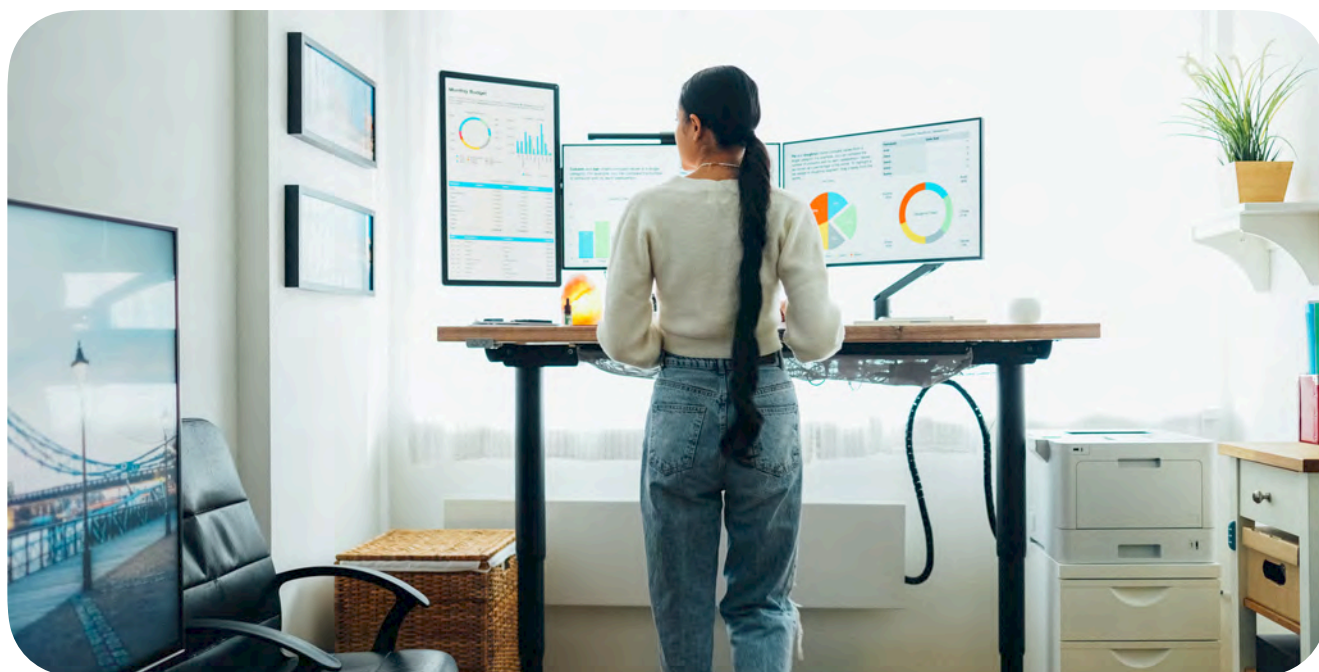
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Nestled in the heart of Europe, Switzerland offers a unique blend of natural beauty and economic prosperity.

As an employer seeking to expand your global workforce, Switzerland's well-established industries and multicultural atmosphere make it an appealing destination for international businesses.

From tech innovation in Geneva to the pharmaceutical hubs in Basel, it's not just the thriving financial sector in Zurich that Switzerland is known for. This highly developed country offers a diverse range of opportunities, as well as a superb quality of life for those brave enough to take the leap. Switzerland's reputation for high-quality education and a skilled workforce further enhance its attractiveness to international businesses looking to hire globally. But as an overseas employer, what should you consider when hiring in Switzerland? This guide is here to help you find out!



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Disclaimer: This guide provides general information and is not a substitute for legal advice. While we strive to provide you with up-to-date information, the insights contained in this checklist may not reflect the latest legal developments. We can't be held liable for actions taken based on the information provided.

Understanding the hiring landscape in Switzerland

Switzerland, renowned for its economic stability, precision manufacturing, and of course, chocolate, boasts a strong business environment. Its strategic location in the heart of Europe, skilled workforce, and favourable business climate have undoubtedly made it a magnet for global companies. Also known for its well-established infrastructure and efficient bureaucracy, doing business in Switzerland is often a seamless experience for businesses — even in fast-paced industries.

However, before embarking on your hiring journey in Switzerland, it's crucial to understand the local employment landscape and ensure your hiring journey is as seamless as possible.

Let's dive in!



EU membership: Is Switzerland a member of the European Union?

Split into 26 member states of the Swiss Confederation (known as “cantons”), Switzerland’s position within Europe is an interesting one.

While not a member of the European Union (EU) or the Eurozone, Switzerland has opted for bilateral agreements with the EU rather than full membership. This allows them to retain sovereignty, while still maintaining strong economic ties with the EU.

- ✔ **Free movement of persons:** This agreement allows Swiss and EU citizens to live and work in each other's countries without the need for work permits or visas. **Note:** EU citizens will still need to apply for a residence permit if they plan to stay in Switzerland for longer than 3 months.
- ✔ **Research and education:** Agreements exist to facilitate cooperation in research and education programs. This is particularly useful for companies interested in areas such as pharmaceuticals and finance, where Switzerland is an industry leader.
- ✔ **Schengen agreement:** Switzerland participates in the Schengen Agreement, which allows for passport-free travel between participating European countries.
- ✔ **Transport:** Agreements with the EU also cover aviation and road transport, ensuring smooth connectivity and access for Swiss and EU transportation companies.
- ✔ **Bilateral trade agreements:** Switzerland has a range of agreements with the EU that ensure preferential access to the EU market for Swiss goods.
- ✔ **Customs union:** Switzerland is part of a customs union with the EU, simplifying trade procedures and reducing customs checks.

Language:

Multilingualism in Switzerland

When expanding your workforce internationally, language proficiency is something many employers see as a roadblock to success. However, with four official languages in Switzerland (German, French, Italian, and Romansh), and English widely spoken in business settings (though not an official language), Switzerland offers a distinct advantage for international expansion.

Here's what you need to know about language in Switzerland



German

German is the most commonly spoken language in Switzerland, with different dialects across regions. Note: In business contexts, 'High German' is the most common form of German spoken.



English

As mentioned, English is not an official language of Switzerland. However, it is widely understood and, as a result, is commonly used for international business.



Italian

Another official language of Switzerland, Italian is mostly spoken in the southern region of Ticino and some parts of the canton of Grisons (Graubünden). Ticino is the only canton (state) that is entirely Italian-speaking.



French

French is also prevalent in the western part of Switzerland, known as the Romandy region. Even though approximately 22.8% of the Swiss population speaks French, there's little variation between Swiss-French and French as it's spoken in France.



Romansh

Romansh is a minority language in Switzerland and is generally native to the Swiss canton of Grisons (Graubünden).

Tip: While language proficiency requirements can vary by region and industry, it's advisable to assess the language needs of your specific roles and provide language support as necessary to ensure effective communication.

Swiss Franc (CHF): The Swiss **currency**

The Swiss Franc (CHF) is Switzerland's official currency and holds a unique status in global finance. Here are some key factors to note about the Swiss Franc for businesses operating in Switzerland:

- ✔ **Stability:** The Swiss Franc has a long-standing reputation for stability, making it an ideal currency for businesses concerned about exchange rate fluctuations.
- ✔ **Banking excellence:** Swiss banks are famous for their confidentiality, expertise, and services, making them valuable partners for businesses operating in Switzerland.
- ✔ **International acceptance:** While not as widely accepted as some major currencies, the Swiss Franc is recognised and accepted in various international contexts.
- ✔ **Influence in finance:** Switzerland's position as a global financial centre contributes to the CHF's credibility and influence in international finance.



Swiss payroll: Payment practices

In Switzerland, employees typically expect to be paid on a monthly basis. Monthly payroll cycles offer consistency and predictability, aligning with Switzerland's reputation for efficient business operations.

However, as an overseas employer, it's important to note that while monthly payment is considered 'the norm', variations can occur based on specific factors:



- ✓ **Industry standards:** Certain industries may adopt different payroll schedules, such as biweekly or weekly payments, to accommodate unique needs in industries such as construction, hospitality, and tourism.
- ✓ **Collective agreements:** Employment contracts may specify payroll agreements set out by trade unions or worker representatives.
- ✓ **Public holidays:** Each Swiss canton sets their own public holidays independently — with the exception of 1 August, which is the only federal holiday. This means that it's up to individual employers to research which public holidays might impact their payroll schedule.
- ✓ **13-month pay:** Some Swiss employees have their annual salary paid in 13 instalments instead of 12. This means that employees usually receive two months' worth of wages in December, helping with end-of-year costs. While this payment schedule is a customary practice in Switzerland, it is not a statutory requirement.

Tip: As an employer, it's vital to ensure that your payroll processes align with Swiss standards, as well as industry-specific practices. Precision and timeliness are highly valued in Switzerland's business culture and can significantly impact your reputation as an overseas employer.

Swiss taxation: Navigating the Swiss tax system

Compliance with Swiss tax regulations is crucial for maintaining your business's reputation and legal standing. Switzerland's tax system is known for its complexity and strict enforcement, making professional guidance essential. Switzerland levies income tax at both federal and cantonal levels. This means that tax rates will vary depending on your place of work, business location, and an employee's individual income. **However, here are key tax considerations for businesses in Switzerland:**

EMPLOYEES

Income Tax

Currently:

- ✔ The maximum overall rate of federal income tax is 11.5%
- ✔ The combined cantonal and municipal rate is capped at approximately 36%

Note: Employers are responsible for withholding income tax from employee salaries.

Value Added Tax (VAT):

Switzerland applies VAT to most goods and services at the point of sale.

Note: The standard VAT rate in Switzerland is set to rise to 8.1%, effective January 2024.

EMPLOYERS

Corporate Tax

Cantonal and communal Corporate Income Taxes (CITs) are added to Federal CIT as follows:

- ✔ 8.5% on profit after tax
- ✔ 7.83% on profit before tax

Note: This generally results in an overall effective tax rate between 11.9% and 21.0% but is largely dependent on the location of your company.

Value Added Tax (VAT):

- ✔ The standard VAT rate is currently 7.7% (set to rise to 8.1% in January 2024).
- ✔ A reduced rate of 3.7% (set to rise to 3.8%) applies to: Hotel stays and lodging services, bed and breakfast establishments, short-term flat rentals, and holiday accommodation.

Local taxes

Municipalities may also impose local taxes, such as wealth taxes based on net wealth or capital. This is why it's crucial to research and comply with specific requirements based on your business's location.

(Information correct as of September 2023)



Social security:

Mandatory contributions

Social security contributions in Switzerland are calculated based on employees' income. These contributions are typically tax-deductible for employers, but it's advisable to seek professional guidance before assuming compliance.

Social security contributions in Switzerland can include:

- ✓ **Old-age and Survivors' Insurance (AHV/IV):** The AHV/IV system provides pension and disability benefits. Employers and employees each contribute a percentage of the employee's income.
- ✓ **Health insurance:** Swiss residents must have health insurance coverage. While employers are not required to provide insurance, they often contribute to employees' premiums.
- ✓ **Accident insurance:** Employers are required to provide accident insurance coverage for their employees. This premium is also deducted from an employee's salary at source.
- ✓ **Health insurance and long-term care:** Swiss residents must have health insurance coverage. While employers are not required to provide insurance, they often contribute to employees' premiums.
- ✓ **Unemployment insurance (ALV):** ALV contributions fund unemployment benefits. Both employers and employees share this cost.
- ✓ **Pension fund (BVG/LPP):** Switzerland mandates contributions to a pension fund, with employers and employees contributing a specified income percentage.

(Information correct as of September 2023)

Tip: Self-employed individuals in Switzerland are not subject to the same mandatory social security deductions as salaried employees. However, speaking with a tax specialist to determine your position is advised.

Right to **time off**: Annual leave, sick pay, and parental leave

In Switzerland, work-life balance and employee well-being are key components of a successful hiring relationship. To ensure your company's policies align with Swiss standards, here are some key points to consider:

- ✓ **Public holidays:** As mentioned, public holidays in Switzerland can vary by region. This is why it's essential to adapt your policies according to which canton your business operates in.
- ✓ **Sick pay:** In case of illness, employees generally receive continued payment of their salary for a specified period. However, the number of days allocated will depend on the employment contract, as well as the length of time that employee has worked for the company.
- ✓ **Flexible working:** As part of the revised Swiss Labour Act, more flexible working arrangements now apply to Swiss employees under certain conditions. For example, Swiss employees with time-critical assignments can now work an extended period of 17 hours (compared to 14 hours previously) and may even be able to work 5 hours on up to 9 Sundays per year without permission.
- ✓ **Annual leave:** Swiss employees are entitled to a minimum of four weeks (20 days) of paid annual leave per year, but some cantons and industries may offer additional leave.
- ✓ **Maternity and paternity leave:** At present, Swiss mothers are entitled to 14 weeks statutory paid maternity leave, and fathers are entitled to 2 weeks leave. However, variations to this policy can exist across cantons, e.g. in Geneva, which has recently chosen to extend parental leave policies.

(Information correct as of August 2023)



Swiss employment terms: Employer responsibilities

Transparent employment contracts are crucial in Switzerland to maintain a positive employer-employee relationship and prevent legal disputes.

For maximum compliance and to promote a better company culture, ensure your contracts cover essential elements such as:

- ✔ **Job description:** Clearly define roles and responsibilities to set expectations and ensure clarity for each employee.
- ✔ **Working hours:** Specify working hours and any flexible arrangements.
- ✔ **Annual Leave:** Communicate annual leave entitlements.
- ✔ **Termination policy:** Provide information on notice periods and termination procedures for both parties.
- ✔ **Compensation:** Outline salary structures, bonuses, benefits, and perks.

Tip: With four official languages in Switzerland, it's also important to ensure that your employee contracts are available in the language your new hire will be working in, or that is most clear for both parties.

Empower your global workforce with Teamed

Manage the hiring & retention of global teams with ease

Offering you global employment software with a human touch and local expertise, Teamed is your new partner in global workforce management.

Teamed simplifies the process of hiring and managing a global team, from helping you adhere to local regulations to facilitating seamless payroll processes. Whether you're an established company or a budding startup, Teamed's advanced (but user-friendly!) platform offers reliable advantages such as:

- ✔ **Global payroll expertise:** Seamlessly processes payroll in 50+ currencies, ensuring accurate and compliant payments worldwide.
- ✔ **Tailored employee experiences:** From benefits to onboarding, create a localised approach for your global employees — enhancing satisfaction and engagement.
- ✔ **Transparent pricing:** Access critical features without the hefty costs, with plans starting from £199 per month.
- ✔ **Effortless onboarding:** Onboard employees within hours, not weeks, with our same-day onboarding process.
- ✔ **24/5 support:** Get expert assistance whenever you need it, addressing the complexities of global hiring with a dedicated (and human!) support team.
- ✔ **Dedicated local experts:** Benefit from 1-1 employee onboarding, guided by local experts who understand the nuances of each region.
- ✔ **Local tax & compliance:** Rely on Teamed's legal experts to navigate the intricate web of global regulations, mitigating risks and ensuring full compliance.

With Teamed as your partner, you can start hiring in Switzerland quickly and easily!

Start using the Teamed platform in just three easy steps:



Step 1

Kick off call &
platform access.



Step 2

1-1 employee
onboarding call with one
of our local experts.



Step 3

Contract sent to the
employee to be signed
and complete. Sorted!

Learn more

To learn more about Teamed's global employment software and kickstart your global hiring journey with our in-house expertise, speak with one of our experts today!

Alternatively, try out our employment cost calculator to compare employment costs in different countries and discover how hiring overseas can benefit you.

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