



1. Establishing a company

Table of contents

1.1 Eligibility	1
1.2 Steps in establishing a company overview	2
1.3 Determining the legal structure of your company	2-3
1.4 Checking the availability of your company's name	4
1.5 Verifying business domicile	4
1.6 Depositing capital	4
1.7 Submitting notarized documents to the federal commercial registry	4
1.8 Determining governing bodies	5
1.9 Audit procedures	5
1.10 Cost of setting up a business	5

Establishing a company in the GREATER GENEVA BERNE area (GGBa) of Switzerland is quick and easy. The cost is moderate and it takes only a short time to accomplish. Our representatives will help you with any questions you may have concerning legal structures, taxation, location and recruitment, so that you can realize your project on schedule.

1.1. ELIGIBILITY

Freedom of Trade and Industry is guaranteed by the Swiss Confederation. Anyone, including foreign nationals, may set up a business in Switzerland or hold a financial interest in one. However, some activities (hotels, restaurants, health professionals, lawyers, notaries, banking, financial institutions and employment agencies) require particular authorization.

Thanks to a relatively low level of regulation in Swiss commercial law, there are many options in terms of the best legal structure for your company. Note: foreign nationals (non-EU nationals) wishing to conduct business personally on a permanent basis require a work and residence permit. For information on work permits and setting up a company in Switzerland as a citizen of a foreign country, visit www.ch.ch.



1.2 STEPS IN ESTABLISHING A COMPANY - OVERVIEW

- Determine the legal structure of your company
- Check the availability of your business name
- Decide on the business domicile
- Deposit paid-in capital into a bank account in Switzerland (branch offices are exempt from this obligation)
- Determine members of the governing bodies of the company
- Submit notarized documents certifying the creation of your company; clarify VAT liability with the Swiss Federal Tax Administration
- Determine governing bodies
- Define audit procedures
- Register with the Federal Social Security Authority



1.3 DETERMINING THE LEGAL STRUCTURE OF YOUR COMPANY

All business forms defined in the Swiss Code of Obligations are available to domestic and foreign investors. Joint stock companies or corporations (SA in French, AG in German) and limited liability companies (Sàrl in French, GmbH in German) are the legal forms most commonly adopted by foreign investors. In both cases, the company's liability extends only to corporate assets.

The corporation has its own legal status; its obligations are guaranteed only by its corporate assets. Its share capital, determined in advance, is divided into shares. This type of company is suitable not only for large, but also for small and medium-sized businesses. It is the most common business status for holding and financial companies.

The limited liability company is a corporation of a personal nature formed by one or more persons or commercial companies with capital determined in advance (share capital). Each partner acquires a stake in the share capital by contributing the maximum amount of the registered share capital. The name of the partners is entered in the Commercial Registry.

There are only a few differences between the two main legal forms of company in Switzerland. A limited liability company offers a solution with a relatively minimal capital investment and limited corporate liability; the joint stock company preserves the anonymity of silent partners and has simple procedures for share transfers. Companies planning an initial public offering (IPO) usually start directly with establishing a stock company. Note: the annual accounts have to be published if the company is listed on the stock exchange.

The third most popular type of company for foreign business establishments is a branch office. A branch is an alternative to the formation of a legally separate subsidiary. It is not officially classified as a Swiss company, which means that the foreign parent company bears the financial responsibility. However, since the branch office is subject to Swiss law, it is treated as a Swiss company for legal and tax matters.



© Philip Morris, (canton of Vaud)



In addition to corporations, limited liability companies and branches, the Swiss Code of Obligations lists the following forms of business:

General partnership is a partnership of two or more individuals in which the partners have unlimited liability, and are generally bound by the acts of the other partners.

Simple partnership is a contractual relationship between two or more persons (individuals or corporations), mainly for the realization of a particular project. This type of relationship has characteristics similar to a general partnership but, in particular, its name is not protected by law.

Joint venture is an increasingly common form of partnership. It is not anchored in law. It is suitable for a joint activity with a Swiss partner and is often operated as a joint equity contribution to a newly formed entity (a supplier in a foreign country establishes a production or sales company with its Swiss distributor). For smaller projects (for instance, a research project for a limited time) the joint venture can also be operated as a partnership.

Franchising as a contractual partnership concept is also becoming popular in Switzerland. There are now more than 120 active franchise operations in existence. As a highly developed, sophisticated but also liberal market, Switzerland's decentralized structure offers good conditions for an initial operating activity in this form, or as permanent headquarters for developing franchises.

The form best suited to your project will depend on the structure of your company, your anticipated business development, your business activities in Switzerland and your tax priorities.

The English translation of the Swiss Civil Code can be obtained from the Swiss American Chamber of Commerce: www.amcham.ch/publications.

General information on setting up a business is available from www.amcham.ch (see "members' interests", then "setting up a business").

The British-Swiss Chamber of Commerce (www.bscc.ch) has chapters in Berne and Geneva, with additional representation in Lausanne.

International chambers of commerce in Switzerland also include:

- French-Swiss Chamber of Commerce: www.cfsci.ch
- German-Swiss Chamber of Commerce: www.handelskammer-d.ch
- Swiss-Chinese Chamber of Commerce: www.swisscham.org/swisscham
- Swiss-Indian Chamber of Commerce: www.sicc.ch
- Italian Chamber of Commerce in Switzerland: www.ccis.ch
- Brazilian Chamber of Commerce: www.swisscam.com.br
- Chamber of Commerce for Russia, Ukraine, Kazakhstan, Belarus, Kyrgyzstan, Moldova in Switzerland: www.jointchambers.ch

For a complete list of all chambers of commerce active in Switzerland, please refer to www.osec.ch, section "Export", "Export Know-how".



© Neuchâtel tourism / City of Neuchâtel, (canton of Neuchâtel)



1.4 CHECKING THE AVAILABILITY OF YOUR COMPANY'S NAME

The name under which a company plans to do business can be chosen freely, with the exception of branch/regional offices, which must have the same company name as the head office, though new elements may be added to the name. The name must indicate clearly what legal form a company has; that is, whether it is a single-owner business, incorporated company or limited company. The chosen name must be clearly distinguishable from existing company names. Potential business names may be reviewed for their availability in the Central Business Names Index (www.zefix.ch) provided by the Federal Commercial Registry Office.

1.5 VERIFYING BUSINESS DOMICILE

A domicile address for your company must exist before you create the company. If you have not yet found the ideal location, you may register a company at your lawyer's or notary's address.

1.6 DEPOSITING CAPITAL

The minimum capital for a limited liability company is SFr 20,000, which must be deposited in full into a Swiss bank. For a stock company the sum is SFr 100,000, and at least 50% of the capital must be deposited in a bank account in Switzerland.

Information on banking in Switzerland:

Overview of banks and information on banks in Switzerland

- www.swissbanking.org

National banks active in the GGBa:

- www.creditsuisse.ch
- www.raiffeisen.ch
- www.ubs.ch

Overview of cantonal banks:

- www.swisscanto.ch
- Berne: www.bekb.ch
- Fribourg: www.bcf.ch
- Geneva: www.bcge.ch
- Neuchâtel: www.bcn.ch
- Valais: www.bcv.ch
- Vaud: www.bcv.ch

1.7 SUBMITTING NOTARIZED DOCUMENTS TO THE FEDERAL COMMERCIAL REGISTRY

The commercial registry discloses a company's liabilities and agencies. Entry into the commercial registry gives companies trading rights protection. Legal entities, such as corporations, limited liability companies or branch offices, must be entered in the Commercial register to attain incorporated status.

Entry in the Commercial Register requires an application to be submitted complete with all supporting documents required by law. The formal requirements are listed in datasheets published by the cantonal commercial registry offices.

The following documents need to be certified by a notary:

- Company name
- Business address
- Activities
- Nominal capital / denomination / paid-in amount and confirmation of payment in an escrow account at a bank in Switzerland
- Founders, names of signatories
- Board of directors / functions / designated signatories
- Statutory auditors (SA/AG) with acceptance letter
- Other persons with signatory authority
- Details of publications; how the company intends to communicate its information / news
- Draft articles of association or incorporation
- Shareholder binding agreement (if applicable)

The foundation of the company is published in the Swiss Official Trade Journal after the authorities have approved the documents.

You must also register with the Federal Social Authority and clarify VAT liability with the Swiss Federal Tax Administration.



© Berne tourism, (canton of Berne)



1.8 DETERMINING GOVERNING BODIES

You will need to decide who will represent your company in Switzerland (directors, members of the board and auditors, if applicable). Foreign nationals are permitted to do so, but at least one managing director with sole executive signatory status, or two directors with joint executive signatory status, must be domiciled in Switzerland.

1.9 AUDIT PROCEDURES

An official complete audit is required by companies which are either listed on the stock exchange or which fulfill at least two of the following criteria:

- Assets exceeding SFr 10 million
- Total revenue exceeding SFr 20 million
- More than 50 full-time employees

Companies with fewer than 10 full-time employees (so called micro-companies) can opt out of the obligation to appoint auditors.

For all other limited liability companies and corporations, a limited statutory audit is mandatory.

1.10 COST OF SETTING UP A BUSINESS

Fees for notaries and entry in the Commercial Register: approximately SFr 2,000. Advice and assistance from an attorney or fiduciary: approximately SFr 2,000-5,000, depending on the structure of the company; or if the company requires special additional agreements (such as shareholder agreements, request for a tax holiday or a tax ruling). Fees for additional assistance are charged by notaries and lawyers.

Look for names of lawyers, speciality and languages at: www.swisslawyers.com.

List of lawyers in:

- Berne: www.bav-aab.ch
- Fribourg: www.oaf.ch
- Geneva: www.odage.ch
- Neuchâtel: www.oan.ch
- Valais: www.oavs.ch
- Vaud: www.oav.ch
- or www.oref.ch for tax experts (lawyers and fiduciaries) in the GGBa

In addition to notarial and commercial registry costs, a corporate capital tax or stamp duty amounting to 1% of the corporate capital is applicable if the capital exceeds SFr 1 million.

For help with setting up your business, the cantonal economic development agencies offer free expert advice:

- Berne: www.berneinvest.com
- Fribourg: www.promfr.ch
- Geneva: www.whygeneva.ch
- Neuchâtel: www.e-den.ch
- Valais: www.vs.ch
- Vaud: www.dev.ch

GREATER GENEVA BERNE area
Economic Development Agency

World Trade Center
Avenue de Gratta-Paille 2
PO Box 252
1000 Lausanne 22

Tel. +41 21 644 00 90
Fax +41 21 644 00 99

info@ggba-switzerland.ch
www.ggba-switzerland.ch



GREATER GENEVA BERNE area is an initiative of the cantons of Berne, Fribourg, Vaud, Neuchâtel, Geneva and Valais