



© Berne tourism, (canton of Berne)

9. Government incentives and support

Table of contents

9.1 Tax holidays - cantonal and municipal	2
9.2 Tax holidays - federal	2
9.3 R&D grants and seed capital	3
9.4 Employment grants	3
9.5 Technical training allowance	3
9.6 Unemployment insurance allowance	3
9.7 Marketing	3
9.8 Real estate	3
9.9 Investment contributions	3
9.10 Loan guarantees	4
9.11 Cantonal incentives	4
9.12 Free support from the GGBa	4

Excellent business conditions combined with tax and financial incentives come as standard in all *GREATER GENEVA BERNE area* partner cantons. Companies investing in the region can expect tailor-made packages to assist their development in their chosen sphere, whether it is in industry or production-related services, services or leading edge technologies.

GGBa cantons offer a comprehensive set of investment incentives to foreign companies looking to establish operations in the region, as well as to newly formed companies. Depending on the project, these incentives may take the form of tax reductions or tax holidays for up to 10 years, or contributions towards investment, training or R&D programs. These incentives can represent significant cost savings in the short and long term. *GGBa* and cantonal representatives are on hand at all times to help companies of all sizes identify suitable incentive programs. Please note: incentives vary from canton to canton.

Canton of Berne: www.berneinvest.com

Canton of Fribourg: www.promfr.ch

Canton of Geneva: www.whygeneva.ch

Canton of Neuchâtel: www.e-den.ch

Canton of Valais: www.vs.ch

Canton of Vaud: www.vaud.ch



9.1 TAX HOLIDAYS - CANTONAL AND MUNICIPAL

A complete or partial tax holiday may be granted for up to 10 years for cantonal and municipal profit and capital taxes.

Tax holidays are granted to new businesses of economic interest to the cantons. Criteria for the evaluation include: sector of activity, international activities or export, revenues, number of employees, investments and presence of competitors. The tax holiday is granted on the condition that the company benefiting from the tax holiday maintains operations in the region during the entire tax holiday period, and for a specified amount of time after the tax holiday ends.

9.2 TAX HOLIDAYS - FEDERAL

At the federal level, in certain regions (see map at www.seco.admin.ch) partial and total tax holidays (from 50% to 100%) may also be granted in addition to cantonal and municipal tax holidays. However, the federal tax holiday requires additional criteria to be met.

The tax holiday may be granted to companies which:

- carry out their activity in the industrial sector (manufacturing) or provide production-related services;
- are located in specific regions;
- have an additional and important impact on the local economy in terms of their investments, job creation or maintenance, training activities, R&D cooperation with local institutions of higher education in relation to the project; local procurement and subcontracting;
- create value in developing products, manufacturing new products, launching new production processes. Products should however be at the last stage of development ("effective sales opportunities");
- Federal tax holidays may not exceed the corresponding cantonal tax holiday with regard to their terms, conditions and duration.

Scope of activity

A. Industrial enterprises

- Manufacturing of goods: transformation of raw materials into semi-finished and finished products
- Global manufacturing process, or even one of many links in the chain of manufacturing may qualify

B. Business services closely related to industrial activities:

- High degree of innovation required, as well as added value, number of jobs and size of the market
- Services provided to other (industrial) enterprises

Activities eligible for a tax holiday include: software development, technical call centers or shared service centers, or activities that are part of the industrial process (R&D, manufacturing management, marketing, logistics) or part of headquarters operations (closely related to the manufacturing process), production, stock management, order management, logistics, finance and treasury management.

Service providers, such as law and accounting firms, banks and insurance companies, distributors, hotels and fitness clubs, are not eligible for federal tax holidays.

Only industrial projects are eligible to receive a maximum tax holiday of 100%. All other projects are not normally awarded more than a 50% tax holiday. These thresholds apply particularly to principal companies of supply chain management, such as companies which play a central role in an international group (purchasing, R&D planning, production and distribution planning, stock management, logistics planning, marketing strategy development, sales and purchasing, financial and treasury functions).

Procedure

- Submission of a detailed request including the business plan, tax savings estimation, request and independent expert appraisal of the project.
- The request should be filed prior to the implementation of the project.
- The request must be submitted at the cantonal level.
- A decision is made by the canton. The cantonal authorities then apply for the federal tax holiday at the State Secretary for Economic Affairs (SECO) which concur with the canton's decision.
- The Federal Minister for the Economy approves or rejects the proposal for a federal tax holiday upon recommendation of SECO.
- It is possible to apply to SECO for an advance ruling.



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



9.3 R&D GRANTS AND SEED CAPITAL

The Swiss Government supports applied research and development projects through special funds set up specifically for this purpose (CTI – Swiss Innovation Promotion Agency). Companies can benefit from this federal aid by structuring an R&D investment project with the cooperation of a Swiss university or independent research institute. In this case, federal funds will cover the costs of the university or research institute's contribution to the project, meaning that the company will receive the benefit of the collaboration, without having to cover the costs for the partner.

Financial assistance from the cantons is also available for R&D projects, new product development or new manufacturing processes, obtaining product certifications, and the costs associated with the protection of intellectual property.

Some cantons also offer seed capital in return for a financial interest (shares).

9.4 EMPLOYMENT GRANTS

In certain cantons, employment grants are available to companies with local investment projects that will create a specified number of jobs within the first years of activity.

9.5 TECHNICAL TRAINING ALLOWANCE

In addition, in order to encourage the recruitment of local workers, companies in some cantons may apply for a technical training allowance that will partly fund the salary of employees who need to improve their job skills for a new position.

9.6 UNEMPLOYMENT INSURANCE ALLOWANCE

This allowance encourages companies to hire the unemployed who may have particular difficulties in finding work. Similar to the technical training program, the unemployment insurance allowance provides up to 40% of the employee's gross salary for up to six months to cover the cost of training.

9.7 MARKETING

A number of financial incentives are available to small and medium-sized companies to assist them in expanding their international markets. These incentives include assistance with market research studies, competitive analyses and other surveys. Funding is also available to promote company participation in international business conventions and trade shows.

9.8 REAL ESTATE

For new industrial and technological activities with significant investments, some cantons offer financial assistance for costs incurred in the identification, purchase, or leasing of industrial/commercial premises or R&D facilities.

9.9 INVESTMENT CONTRIBUTIONS

Financial contributions

To facilitate and accelerate the completion of projects, some cantons provide financial contributions worth between 5% and 30% of companies' investments and costs. Depending on the project, these contributions may be granted as:

- contributions to the investment costs (non-reimbursable);
- contributions to investment costs which are repayable under certain conditions.

Beneficiaries must satisfy various operational conditions (for instance, that the project is export-driven and innovative, or that it maintains or creates jobs) and project-related conditions (for instance, that it concerns a new activity, targets national or international markets, and is of economic importance to the regional economy).



9.10 LOAN GUARANTEES

Guarantees for bank loans

These guarantees underwrite investment loans granted by banks or other lenders (insurers, financial companies, pension funds). The amounts, terms and conditions of these guarantees vary between cantons. In certain cases, in addition to a public guarantee, cantons may cover a part or all interest rate payments for a certain time.

Interest payment cover

Such additional cover is subject to several criteria related to the project: job creation potential, level of innovation, investment required, financing and company location. This assistance can represent up to 50% of the interest due on any loan, but not more than one-third of the total project cost. The partial interest cover may be granted independently of any guarantee and for a maximum of six years. Terms and conditions vary from canton to canton.

9.11 CANTONAL INCENTIVES

Each Canton in the GREATER GENEVA BERNE area offers tailor-made incentive packages. Which incentives, terms and conditions apply depends on the Canton and the presented project. The offers might vary from one Canton to the other. Please contact the Cantonal Economic Development Agencies for more information.

9.12 FREE SUPPORT FROM THE GGBa

The GGBa's six Cantonal Economic Development Agencies provide free support and assistance in helping companies search for a location to set up a business here. In practical terms, this assistance involves:

- conducting individual evaluation visits;
- advising on tax holiday and other forms of financial relief, for example grants for research and development activities;
- helping to find a location and procure real estate and land;
- providing information on and clarifying questions relating to work and residence permits, social security and building approval.

In order to make your start in the GGBa simple and straightforward, the cantonal agencies can procure useful contacts with:

- government bodies and federal institutions;
- educational institutions (universities, institutes of applied sciences);
- sector and cluster organizations;
- financial service providers and risk capital;
- advisers and lawyers;
- other corporate networks.

The cantonal agencies are one-stop shops for companies wishing to move to and expand in the GGBa. Their services are free of charge.

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