

## FINANCIAL MATTERS

### 1. Basic salary and components of remuneration

### 2. Taxes / Tax returns

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### 1. Basic salary and components of remuneration

In Switzerland, the salary is basically defined in negotiation. Regulations regarding pay are included in the **individual or standard employment contract and/or the collective labour agreement**.

#### Basic salary and components of remuneration

The pay is comprised of a basic salary and additional components in the form of allowances and special compensation. The special compensation includes the 13th month's salary (which is contractually fixed) as well as a possible gratuity. Allowances include:

- children's allowances (which are regulated by each canton)
- supplements for Sunday work
- nightwork allowances
- compensation for overtime.

Other allowances can be foreseen in the employment contract (the individual contract or the collective labour agreement). These can include supplementary pay in compensation of inflation, shiftwork, subjection to dirt and noise, hazardous work, and in recognition of years of service or special functions.

**The 13th month's salary** is a fixed grant, as opposed to the **gratuity** which is a privilege or a gift. The latter, i.e. the gratuity, usually depends on the success of the business or the performance of the employee. In order to avoid any difficulties, it is important that they are clearly defined in the employment contract. Social security ("AHV") contributions are deducted from both the 13th month's salary and the gratuity and they both have to be declared for tax as salary.

There is no legal entitlement to **inflation compensation ("Teuerungszulage")** as a salary adjustment for annual inflation unless it is defined in the individual employment contract or collective labour agreement or is standard for the employer's operation.

#### Salary deductions

The following compulsory social security contributions are deducted from the "gross salary" (the basic salary with supplements but excluding children's and support allowances):

- Old age and surviving dependants' insurance ("AHV") 8.4%
- Disability insurance ("IV") 1.4%
- Military service substitution ordinance ("EO") 0.3%
- Total 10.1% (half of which is payable by the employee)
  
- Unemployment insurance ("ALV") 1,0% (employee's share)
- Pension fund
- Accident insurance

The contributions for the pension fund and accident insurance are variable. They depend on the applicable regulations of the pension fund and the collective accident insurance policy.

The contributions for AHV/IV/EO/ALV, the pension fund and the accident insurance are deducted directly by the employer from the salary of the employee and, together with the employer's own share (which is usually equal to that of the employee), transferred to the relevant insurers (the AHV compensation fund, the pension fund, etc.).

**Offices:** AHV compensation fund = Ausgleichskasse Zug, Baarerstr. 11, Postfach 4032, 6304 Zug, Tel. 041 728 32 30  
Fachstelle Migration Zeughausgasse 9, Postfach 1258, 6301 Zug, Tel. 041 728 22 76

**Links:** [www.zug.ch/ahv](http://www.zug.ch/ahv)  
[www.fsm-zug.ch](http://www.fsm-zug.ch)

**Info:** Personnel department of the employer, trade unions

## 2. Taxes / Tax returns

For foreign employees who do not have a permanent residence and work permit type C or C-EU, taxes are deducted directly from the salary (source tax). This applies for persons with an annual residence/work permit (type B or B-EU), asylum seekers, "Wochenaufenthalter" (i.e. those who only live in Zug during the working week), people staying for short periods of time and cross-border commuters.

Persons with a permanent residence permit (type C or C-EU) are required to fill out a tax return every year.

An electronic version of the tax return forms can be downloaded from the Internet. In case of need, the Migration Information Office can provide assistance in filling out the tax returns.

**Offices:** Tax Administration of the Canton of Zug = Steuerverwaltung des Kantons Zug, Bahnhofstrasse 26, 6301 Zug, Tel. 041 728 2611  
Migration Information Office = Fachstelle Migration Zeughausgasse 9, Postfach 1258, 6301 Zug, Tel. 041 728 22 76

**Links:** [www.zug.ch/tax](http://www.zug.ch/tax)  
[www.fsm-zug.ch](http://www.fsm-zug.ch)