In Swiss law provides for the possibility of establishing enterprise wide variety of legal forms, of which a foreign investor to build your business in this country may be of interest such as:

- public corporation
- private company with limited liability
- Partnership

Depending on which part of the Swiss registered company, ending in its title for example, public corporation may change with the AG in the German language to SA - in French or Italian. Similarly, the ending in the name of a private company with limited liability may change in the GmbH or SARL SGL - French or Italian counterparts, respectively, and this rule applies to all forms of enterprises in Switzerland.

Open Joint Stock Company (AG or SA) is established at least three shareholders (individuals or legal entities, residents or nonresidents of Switzerland), which subsequently may transfer the ownership of the company the sole shareholder and is characterized as follows:

- minimum capital - CHF 100,000 (US $ 1 is approximately equal to 1.28 Swiss francs);
- 50% of capital must be paid at the time of registration;
- At least 20% of the shares must be paid (but for an amount not less than CHF 50 000);
- permitted registered shares and bearer shares;
- shares may be offered freely to the open sale and exchange;
- Company is entitled to control of a single director;
- majority of directors must be residents of Switzerland;
- Corporate Directors are not allowed;
- Company shall maintain accounting and annual rent statements, certified by the local auditor.

Private company with limited liability (GmbH, SARL or SGL) is established at least two shareholders (individuals or legal entities, residents or nonresidents of Switzerland), which subsequently may transfer the ownership of the company the sole shareholder and is characterized as follows:

- minimum capital - CHF 20,000 (maximum - limited amount of CHF 2.000.000, or about $ 1.600.000);
- At least 50% of the shares must be paid at the time of registration, each shareholder has to subscribe for an amount not less than CHF 1 000;
- allowed only registered shares;
- shares may not be offered freely to the open sale and exchange;
- Company is entitled to control of a single director;
- majority of directors must be residents of Switzerland;
- Corporate Directors are not allowed;
- Company shall maintain accounting, but must maintain annual accounts certified by the local auditor.

Swiss law provides for the establishment in the country as a general partnership (Kollektivgesellschaft - Societe en nom collectif - Societa in nome collettivo), as well as a limited liability partnership (Kommanditgesellschaft - Societe en commandite - Societa in accomandita). Name of partnership must contain the name of one partner, which must be a minimum of two (natural or legal person, resident or resident in Switzerland). Payment of any capital in the establishment is not required. Most managing partners must be resident in Switzerland. In terms of tax planning, general partnership (all partners which are equitable for unlimited liability for the debts of the company) may be interesting in that it is not subject to corporate taxation in Switzerland. If the partners are residents of Switzerland and the entire partnership income is not derived from sources in Switzerland, the partners are not subject to taxation in Switzerland. The Partnership must maintain accounting, but it should not take the annual accounts certified by the local auditor.

Holding companies are not a separate independent type of companies in Switzerland, and this - the economic and legal concept to a particular financial activity based on the so-called test of **"substantial part",** which in practice means the following:

- not less than 75% of the company's assets are invested in other companies (Swiss or foreign). In this case, the holding company must own at least 20% of the share capital of subsidiary **(but not less than CHF 2.000.000 around $ 1.600.000);**
- not less than 75% of revenue comes from investments in other companies (Swiss or foreign).

Holding company required to pay federal income taxes and federal taxes on capital at a rate of 0.0825% of net assets (paid-up capital plus reserves). Companies for which the holding action is exceptional, enjoy a favorable tax regime in all cantons of Switzerland. Holding company generally does not pay any cantonal or municipal income taxes, but only a small cantonal capital tax, depending on its size. The rate of this tax varies from canton to canton from 0,5% to 1,5%. The lowest rate - CHF 300 per year charged in the canton of Zug.

Switzerland has signed an agreement on avoidance of double taxation with countries such as:

-	Australia
-	Austria
-	Azerbaijan
-	Albania
-	Antigua
-	Armenia
-	Barbados
-	Belarus
-	Belize
-	Belgium
-	Bulgaria
-	British Virgin Islands
-	United Kingdom
-	Hungary
-	Gambia
-	Germany
-	Grenada
-	Greece
-	Georgia
-	Denmark
-	Dominica
-	Egypt
-	Zambia
-	Indonesia
-	Ireland
-	Iceland
-	Spain
-	Italy
-	Kazakhstan
-	Canada
-	Kyrgyzstan
-	China
-	Latvia

-	Lithuania
-	Luxembourg

-	Macedonia
-	Malawi
-	Malaysia
-	Moldavia
-	Montserat
-	Netherlands
-	New Zealand
-	Norway
-	Pakistan
-	Poland
-	Portugal
-	Russia
-	Romania
-	Singapore
-	Sept. Vincent and the Grenadines
-	Sept. Kitts and Nevis
-	Santa Lucia
-	U.S.
-	Tajikistan
-	Trinidad and Tobago
-	Turkmenistan
-	Uzbekistan
-	Ukraine
-	Finland
-	France
-	Sweden
-	Sri Lanka
-	Estonia
-	South Africa
-	South Korea
-	Japan

HOLDINGS - Switzerland

Special incentives for holding companies is based on the following provisions:

- Holding Company receives benefits in the event that it owns shares in excess of 2 million Swiss francs. Federal taxes in this case are reduced in proportion to specific gravity of dividends in total income of the company. Holding facilities are supported at the regional level (for details see "Dividends ")
- Income from investments in many cantons are derived from the tax base.
- However, in Switzerland on agreements to avoid double taxation for holding companies, a number of limitations:

It is necessary that some portion of preferential income "remained" in Switzerland.

- No more than 50% should be exported outside the country in the form of costs, royalties and interest.
- At least 25% of income must be paid in the form of dividends.
- Shareholders' equity of the company shall not be less than 8% of its level of indebtedness.
- Holding companies are fully or partially exempt from local income taxes (except for the cantons of Geneva and Uri, where in contrast to all others with them, charged the cantonal and municipal taxes on dividends in full).

Types of holding companies:

In Switzerland there, holding companies, with elements of the holding activity, so called. "Engaged" company "prescription" of the company - in the most appropriate concept of offshore companies. Federal income tax with holding and "prescription" of companies will be charged.

For holding companies in Switzerland, there is almost universally accepted criterion of "meaningful participation". He suggests, first, that not less than 75% of the company's income comes from investments in other companies (Swiss or foreign) and at least 75% of assets invested in other companies. In this case, the holding company must participate in the equity of a subsidiary not less than 20%, or its share in it must be at least 2 million Swiss francs.

"Participating" company - the usual manufacturing or trading companies, which in addition to its core business own shares or units of other enterprises. If the external investments of such companies meet the criteria of "substantial participation", the income thereon is deducted from total income, taxable at the federal and local levels.

The status of "prescribed" Company (domicile company) your every Swiss canton. In general, it boils down to this: the company is profiting in any legal form exclusively abroad, and lead activities in Switzerland. "Prescribed" the company must obey the classical principles of offshore - not to be resident, not to do business in Switzerland, have no office, personnel and real estate in Switzerland - although once you get under the attention of AML-services and it may be difficult digging a bank account in Switzerland. This company is close to typical offshore companies. Distinguishes it only the presence of "small tax" - **3,6-9,8%.** At the same time, the Swiss firm has a respectable image than any offshore company.

In some cases, the "Prescription" company has the right to maintain an office and staff. Command control center is quite formally (although not necessarily realistically) would be in this country. This possibility exists in the Swiss canton of Freiburg. Resident status allows you to benefit from an extensive network of tax treaties to which Switzerland has. Among the privileged of the cantons in Switzerland also applies Zug and Neuchatel.

In Switzerland, also recorded a special type of companies - service companies, which are used to record the headquarters, foreign offices of international companies. This kind of "service" companies serving operations of the parent company. Taxable income is determined on the basis of the rate of 10% of office costs and is purely a calculated value.

Swiss company law and foreign legal entities and individuals are placed on an equal footing, particularly in regard to the above-mentioned types of companies. The only discriminatory provisions against non-residents is that they created a holding or "prescribed" the company may be deprived local authorities of tax privileges, if the extraction of profits is entirely based on the benefits arising from the numerous bilateral tax treaties concluded by the Swiss Confederation.

Taxation of holding companies:

Holding company receives special tax treatment in Switzerland. Regardless of the size of the holding is not paid by the cantonal and municipal tax on income from dividends received. Income from dividends received are exempt from federal income tax on the profits, if an investment holding company shares in the company paying the dividends, are at least 2 million Sfr and 20% of the paid-up capital.

- Paid:
  cantonal tax on capital - 0,05-0,25% of the paid-up capital and accumulated reserves;

- federal tax on capital - 0.085% of the paid-up capital and reserves;
- federal tax return - 3.63% -9.8%.
- Dividends paid by a holding company, subject to 35% additional tax on dividends. Treaty on avoidance of double taxation concluded by Switzerland with more than 40 countries, reduce the tax on dividends to 0-15%.

Issues of taxation "prescribed" companies in different cantons are solved in different ways. In some cantons, such a company may carry out some operations in most of Switzerland, while maintaining preferential status. However, the proportion of such operations is limited. Thus, in some cantons provide tax concessions, provided that at least 80% of the operations of trade and procurement firms should be held outside the country. Otherwise, the tax increase to 20%.

"Prescribed" companies are exempt from cantonal and municipal tax revenue. The Company shall pay to the federal tax on income - 3.63% -9.8%. Holding companies are located in the canton of Fribourg, do not pay tax on net income if the dividends represent at least two-thirds of gross profits.

Income from dividends received "participating" companies are exempt from federal income tax on the profits if the investment in shares of the company paying the dividends are at least 2 million Sfr and 20% of the paid-up capital. The company is also exempt from cantonal and municipal tax revenue in the two-thirds of the cantons.

All holding companies pay cantonal and communal tax on equity of a regressive rate, from 3.5% in capital 50,000 CHF and ending with 0.75% in the authorized capital of 6,700,001 CHF, and the minimum tax may be 300 CHF per year. Of this 55% tax is part of the canton and 45% of the community.

The vast majority of holdings in Switzerland - joint-stock corporation **("Societi Anonyme, SA").**
Holdings may also be a limited liability company ("Societi a responsabiliti limitie, Sari"). Holding - a utility company, or any special legal form is not there, you can deal with both trade and intermediation and the production - although this is not a traditional area for Swiss companies due to their dogorovizny, although it is expensive or not - it onositelnaya value and depends on the size of your business.