VSV ASVAD
Verband des Schweizerischen Versandhandels
l'Association Suisse de Vente à Distance

The Swiss VAT Challenge in a Digital World

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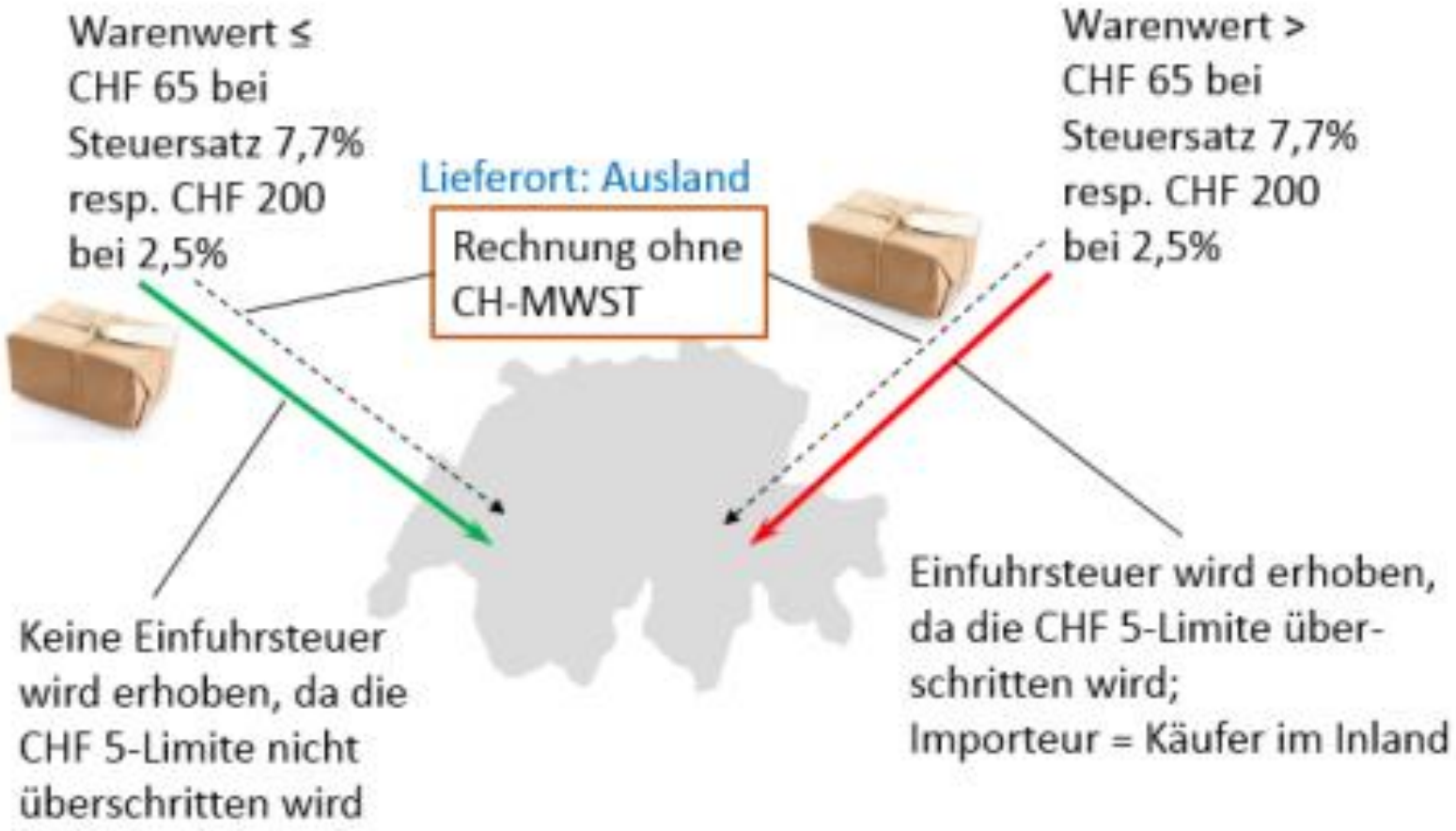
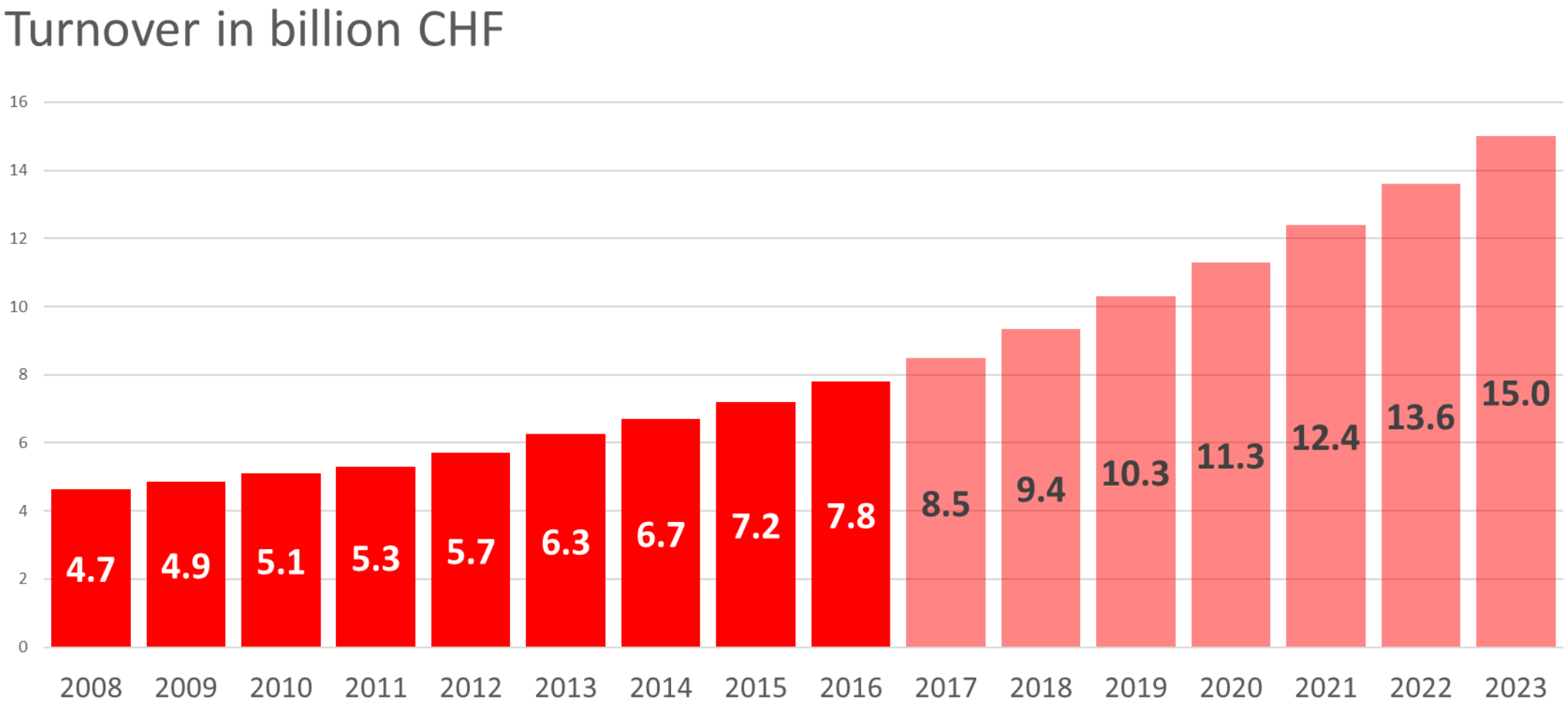
Agenda

1. The Import Side - Growth Driver of Swiss online spendings – a different perspective
2. The Export Side - Level playing field for Swiss and foreign merchants?
3. BEPS – **B**ase **E**rosion and **P**rofit **S**hifting in the context of cross border trade
4. The Swiss VAT Challenge within Europe

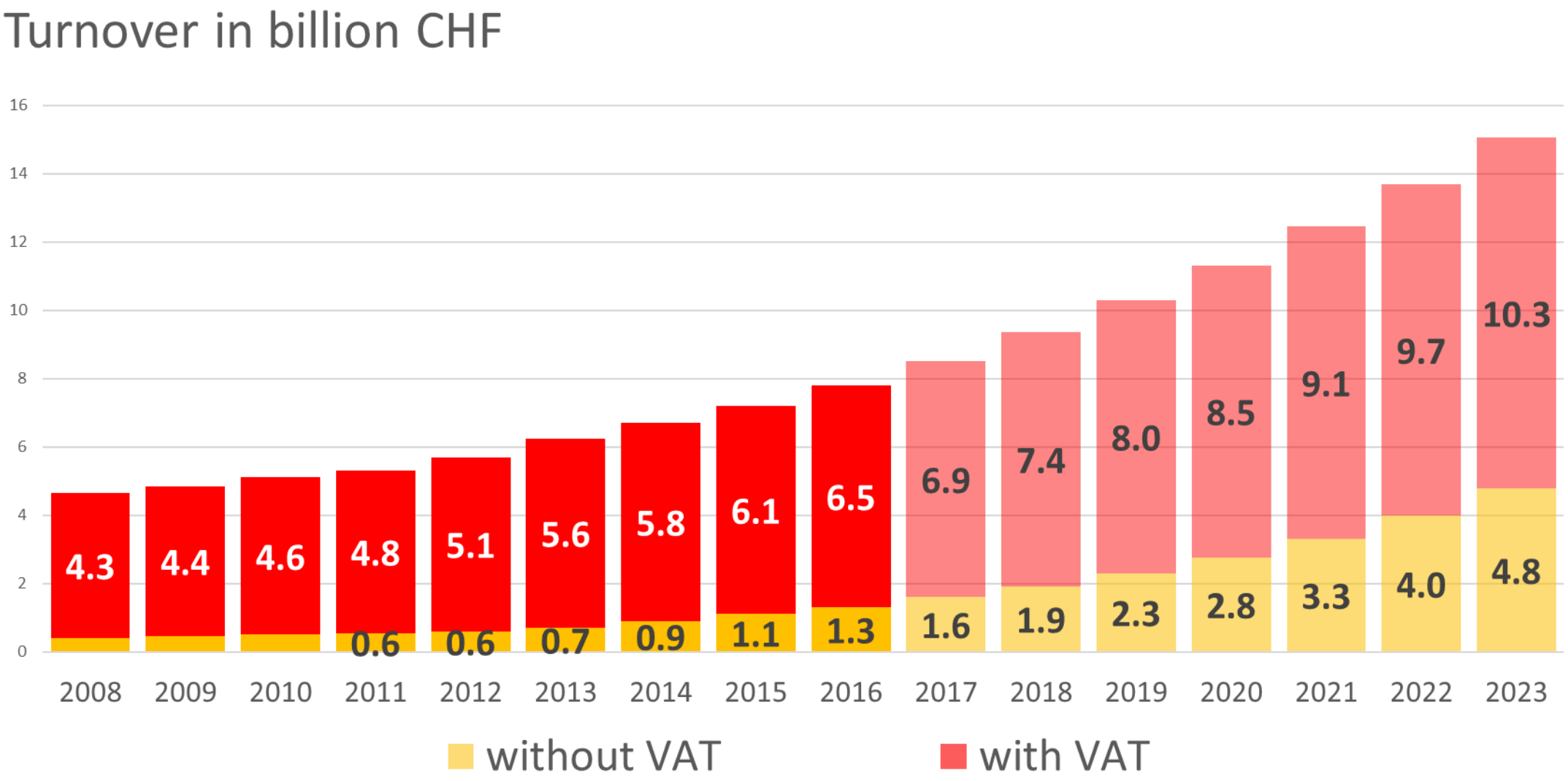
The import side - today



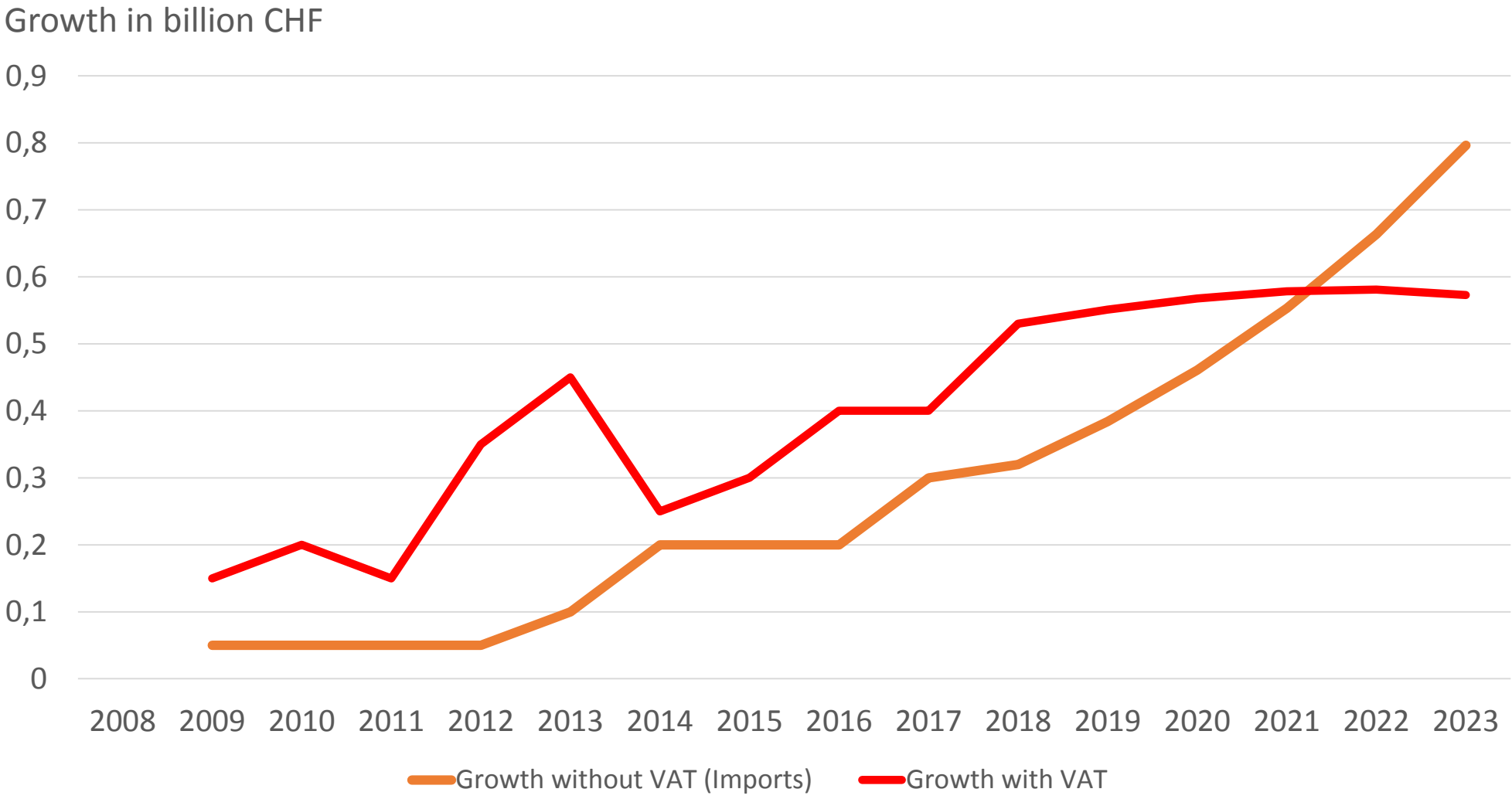
Yes - Online-Shopping is growing



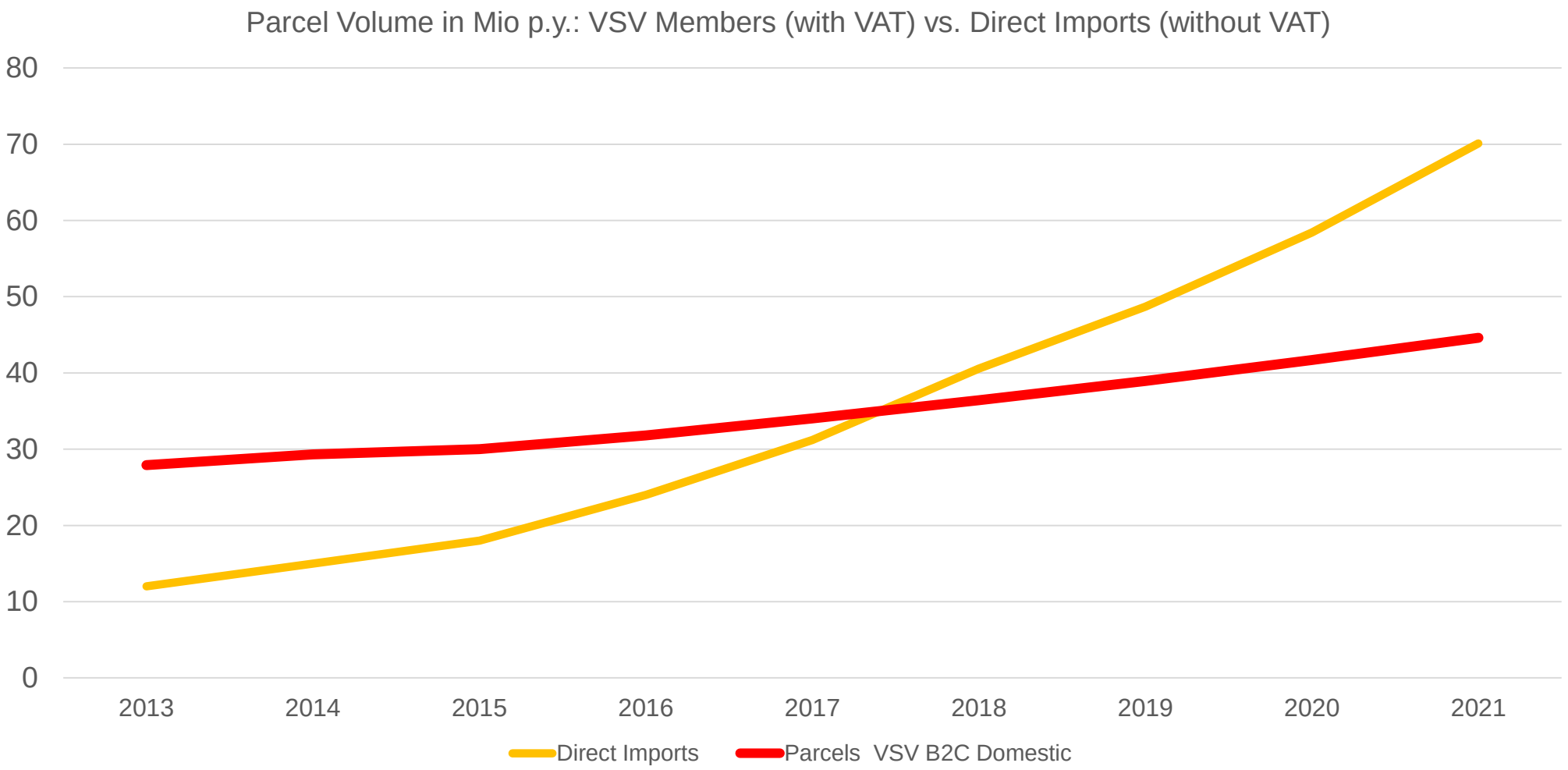
Yes - Online-Shopping is growing, but…



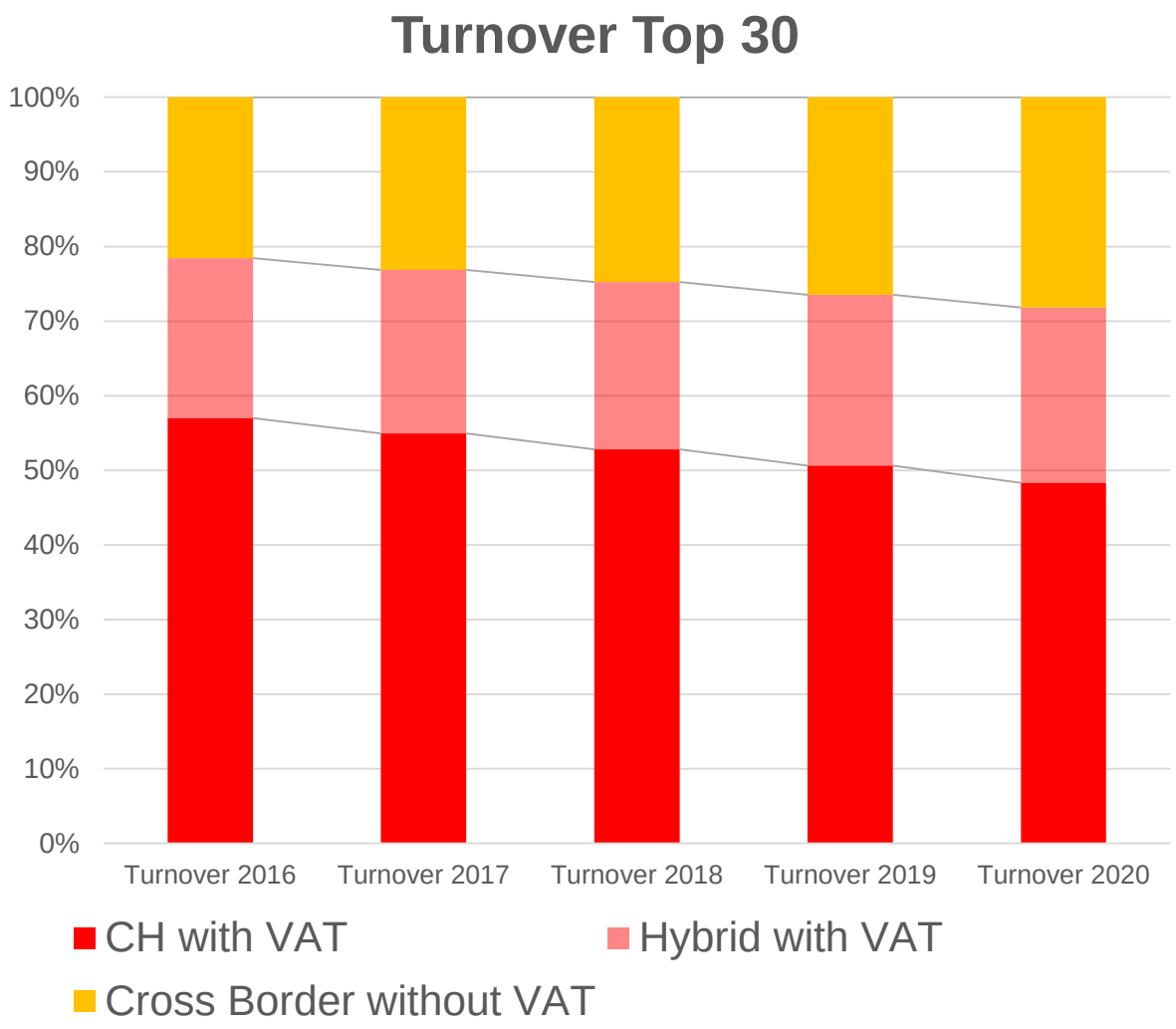
Growth is driven by…

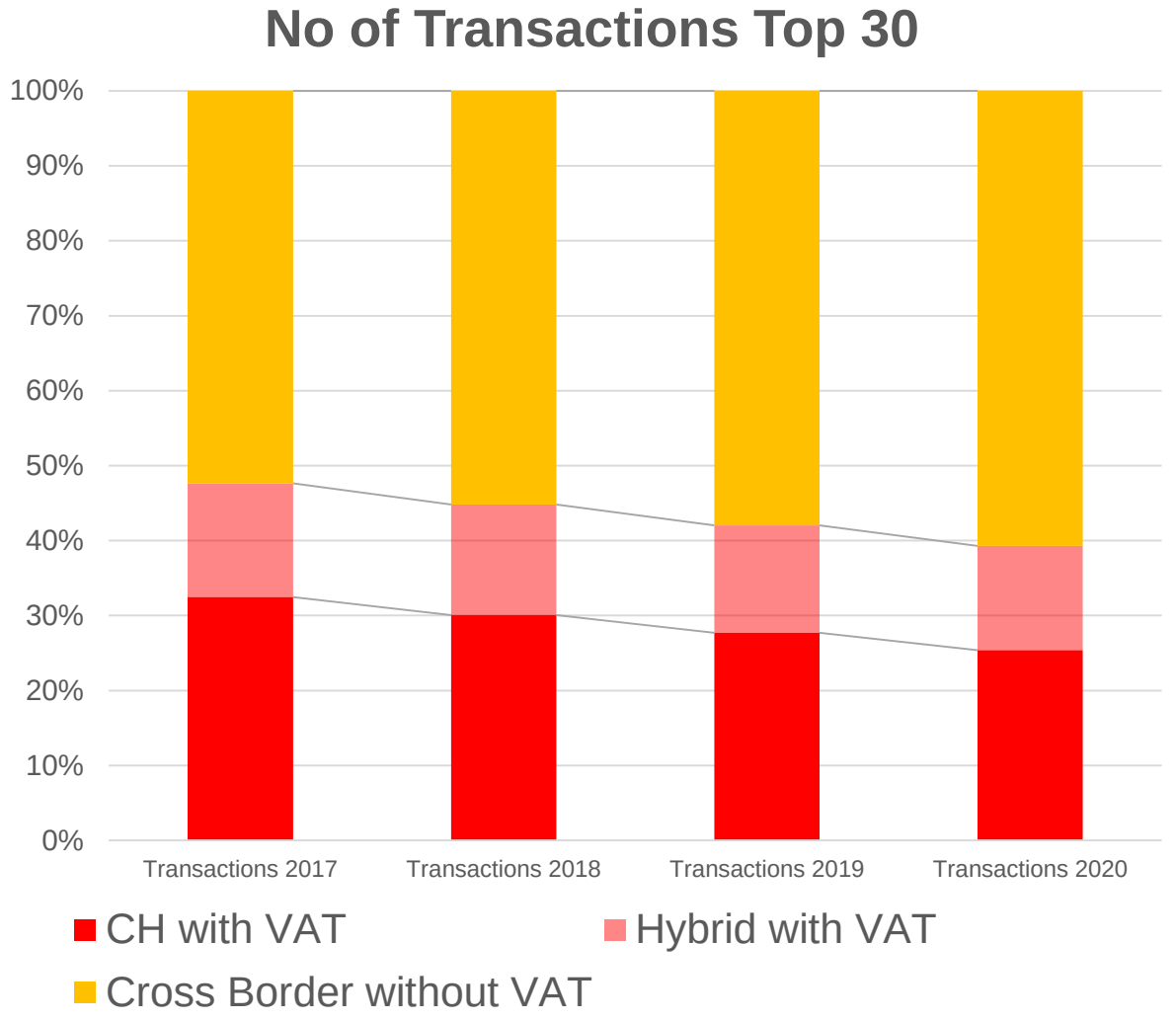


Parcel volume of direct IMPORTS

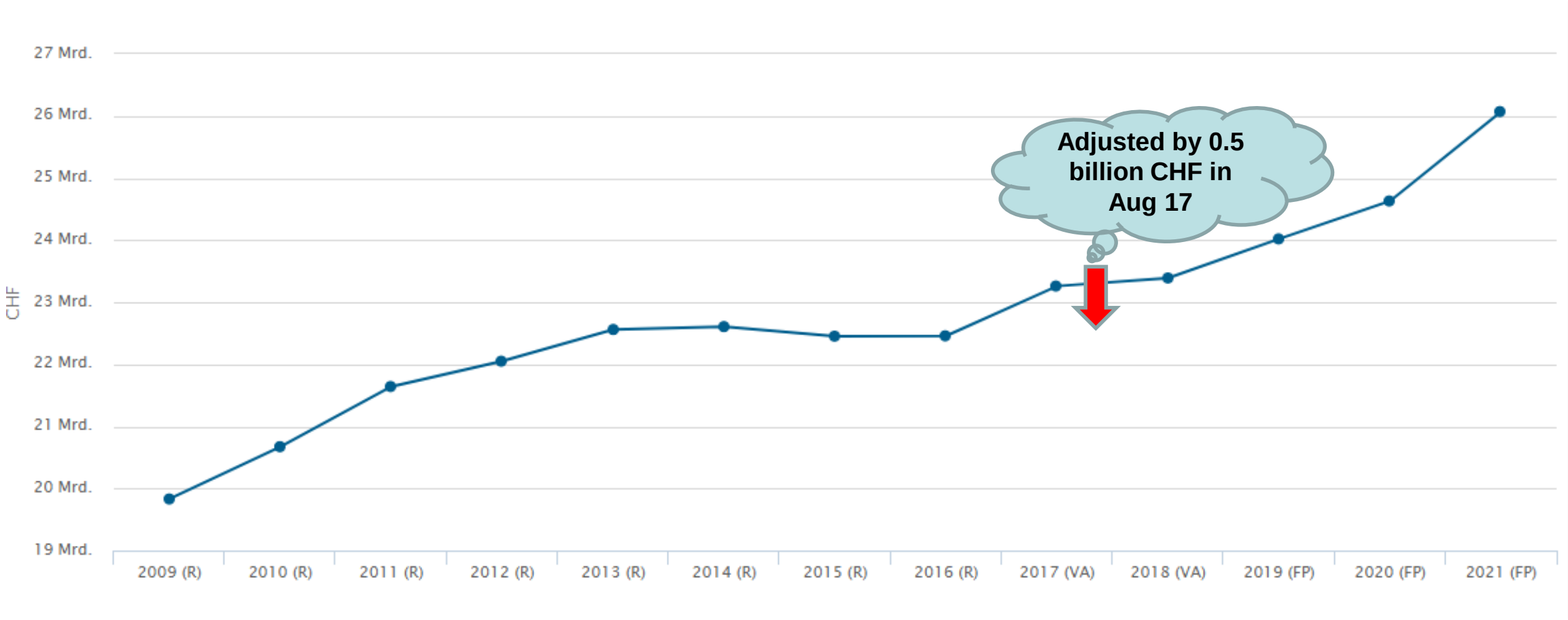


No of transactions top 30 online-retail companies





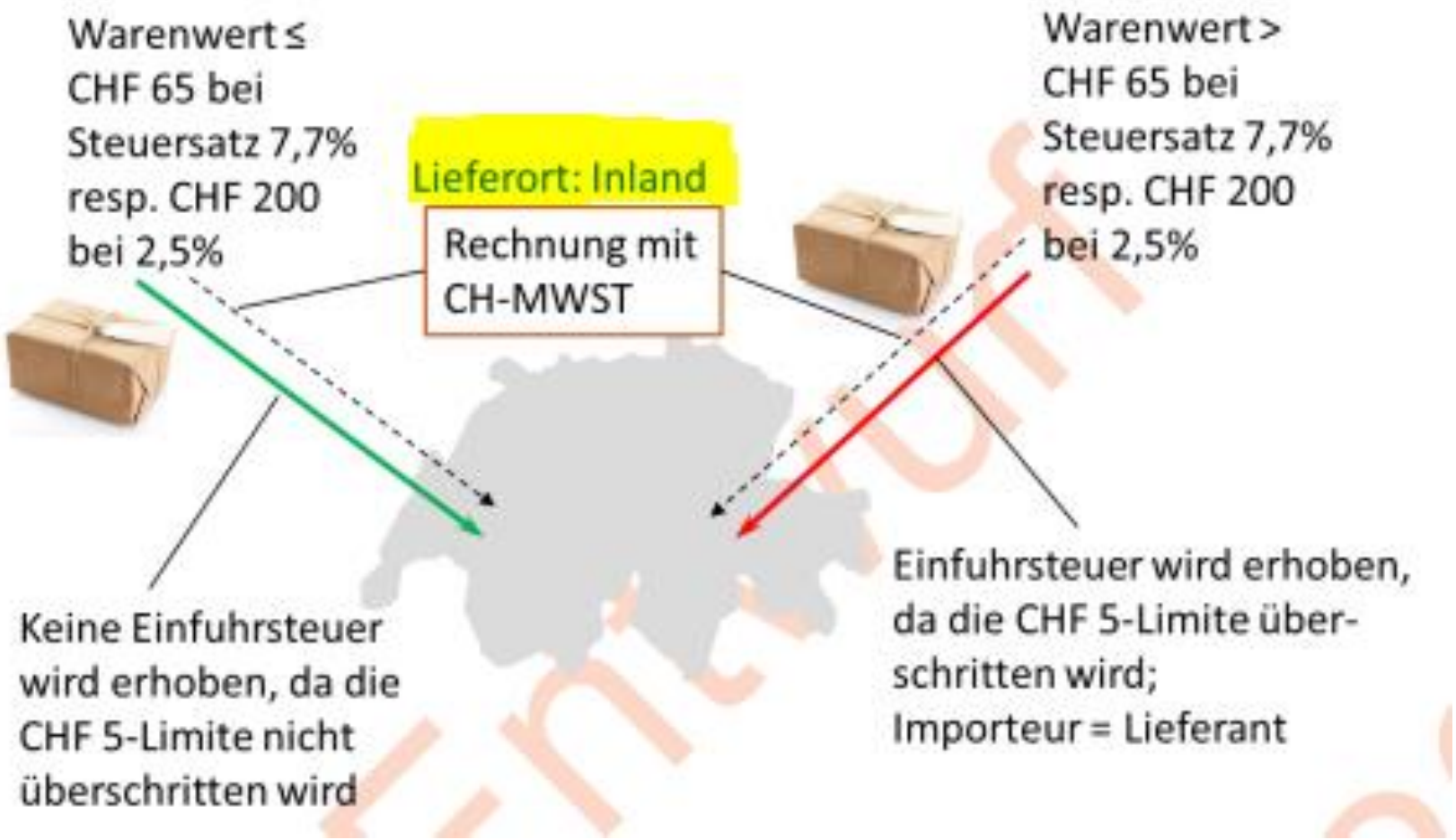
VAT income of CH is «evaporating»

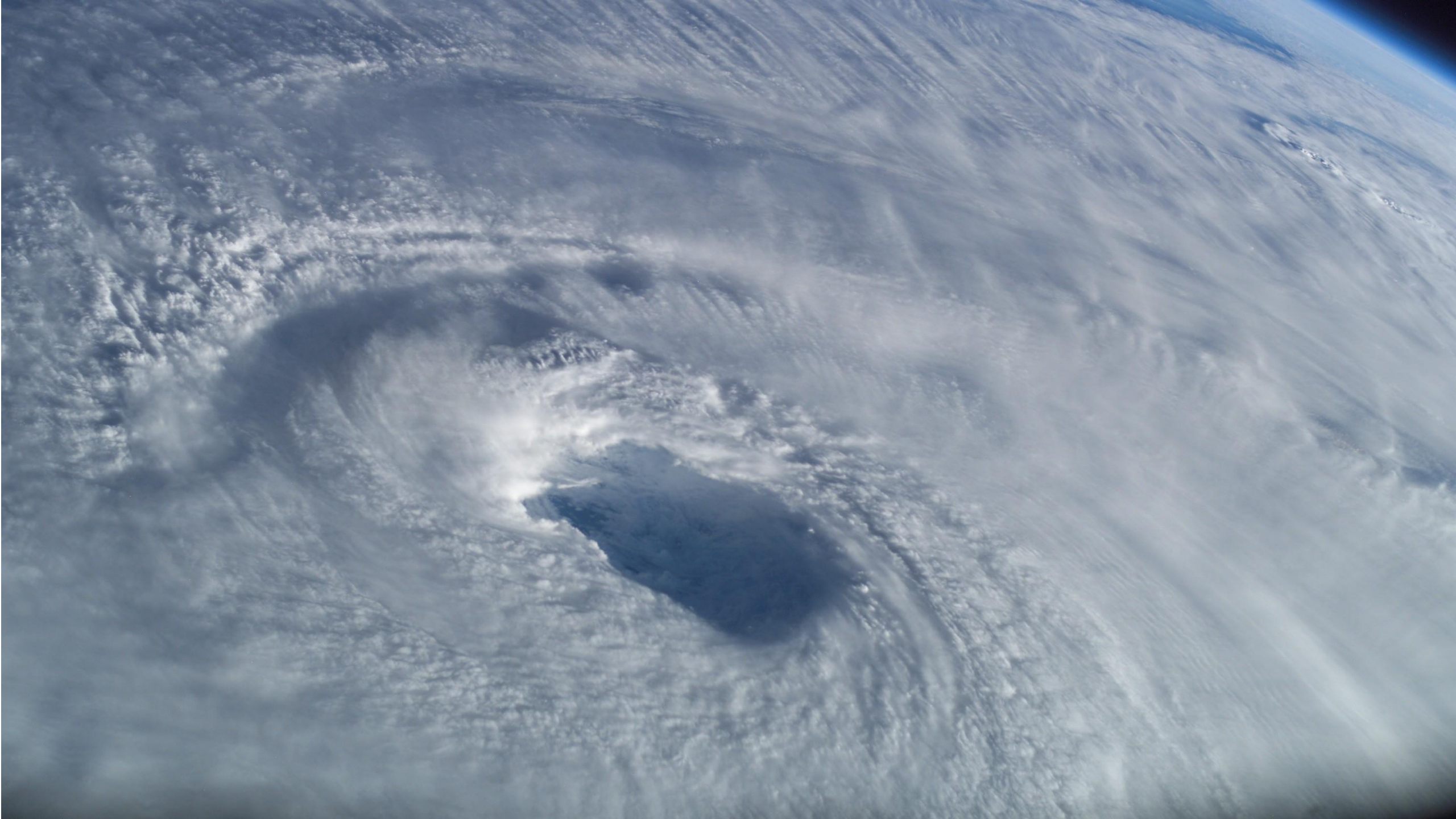


Learnings (the import side)

- «Free Lunch» import limit of 65 CHF is much too high
- Foreign companies pay lower postal charges than Swiss Companies (!)
- Switzerland is loosing VAT income – dramatically
- «Foreigners preferred»? – where is the level playing field?
  ➔ we are talking about 80 – 100 Mio VAT income (pure online retail)

The bright side – new import regulation from 1.1.2019 on





The export side - today

The export side - today

- MOSS – Mini One Stop Shop for VAT in EU
  - introduced for EU intern VAT declaration of digital goods in 2015
  - **will be used for online retail from 2021 on**

- CH based merchant is not allowed to use it except
  - he has a registered subsidiary in EU (and therfore VAT registration within EU)

➔ VAT declaration per country (27 in EU)

➔ much lower value «free lunch» limits (22 Euros – probabliy to be reduced and/or eliminated in 2021)

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Sad but true - today

… it is better to be a foreign merchant to do business in CH …

… access to EU is painful and not CH SME friendly in online retail …

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BEPS – Good read and good thoughts

Guideline 2.4

With respect to the level of taxation, foreign businesses should not be disadvantaged or advantaged compared to domestic businesses in the jurisdiction where the tax may be due or paid.

Guideline 2.6

Where specific administrative requirements for foreign businesses are deemed necessary, they should not create a disproportionate or inappropriate compliance burden for the businesses.

http://www.keepeek.com/Digital-Asset-Management/oecd/taxation/international-vat-gst-guidelines_9789264271401-en#.Wk5hmt_iaUk#page24

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But the SWISS challenge within EUROPE remains unsolved

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The Swiss Challenge within EUROPE

Let us fight that Switzerland (or Swiss companies) may participate at MOSS in a way European merchants will benefit from 2021 on!

- To get rid of bureaucratic cross border processes within EU
- To get costs down for imports and exports
- To get easier access to EU markets for Swiss merchants

- To safeguard the VAT income in the new global online retail world