



Welcome to the Crypto Valley

Your Guide to Establishing a Business in Switzerland

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I. GENERAL OVERVIEW

A. Doing Business in Switzerland

Contributed by Reto Luthiger

Switzerland is often referred to as “the” crypto nation and is located in the heart of Europe. Having a long-lasting history in the financial industry, Switzerland is an established and well-known financial place. Further, as Switzerland is a small country with a very open economy and a multilingual culture (four official languages German, French, Italian, Romansh as well as English as the common business language), Switzerland, its people and companies are very well used to act in international settings and have strong international networks and also a high number of bilateral and multilateral agreements with other countries and international organizations.

High productivity and high-quality products and services as well as reasonable taxation and a business-friendly attitude of the government and authorities are the main success factors for the Swiss model. Further, Switzerland has a highly established and very stable legal framework and political system, a world-class education system with also internationally highly regarded educational institutions, such as the ETH, and high-standard infrastructure in particular regarding airports, public transportation, telecommunications, energy or health care - anyone living in Switzerland can enjoy a very high quality of life.

Further, anyone starting a business in Switzerland will find itself in midst of a very well-established ecosystem of highly educated people, professional incubators, generally cooperative public authorities, experienced and knowledgeable consultants – be it for immigration, tax, legal, business, marketing – or high-quality premises and like-minded people willing to help.

Today, Switzerland has a leading role intends to further strengthen its position not only in the traditional banking industry, but in particular also in new technologies and clusters, such as fintech, crypto, biotechnology, medical devices, information and communication technologies (ICT), micro- and nanotechnology, environmental technology, and shared services.

Anyone interested in establishing a new business in Switzerland has a far reaching choice of different public authorities and private organizations for information and support purposes- E.g. Switzerland Global Enterprise (S-GE) is the official Swiss organization for export and investment promotion with offices throughout Switzerland and in 31 countries, which in particular support innovative companies in establishing itself in Switzerland (www.s-ge.com/en/). Further, many of the 26 Swiss Cantons have offices for economic promotion supporting new business establishments (e.g. the Office of Economic Promotion of the Canton of Zug, Please refer to the link for more details: <https://www.zg.ch/behoerden/volkswirtschaftsdirektion/economic-promotion>).

Further, the Swiss government, the 26 Cantons and the over 2'100 Swiss communes also operate a website with easy answers about the life in Switzerland (www.ch.ch/en/).

B. Regulatory bodies in Switzerland

Contributed by Reto Luthiger

Switzerland has a very-well developed and stable regulatory framework for financial markets, which is in the sole competence of the Federal level – the Canton's only competence with regards to financial markets lies in the oversight of consumer credit activities and warehouses.

The Swiss Financial Market Supervisory Authority (FINMA) with offices in Bern and Zurich (www.finma.ch) acts as the centrepiece of the Swiss financial market supervision. It grants licenses to and supervises almost all types of financial intermediaries, also in the crypto space, such as banks, fintech companies, securities firms, insurance companies, collective investment schemes, payment systems, stock exchanges, multilateral trading facilities and organized trading facilities, central securities depositories, collective asset managers, fund companies.

External asset managers respectively investment managers and trustees are supervised by Supervisory Organisations, such as AOOS (www.aos.ch), FINcontrol Suisse AG (www.fincontrol.ch), OSIF (www.osif.ch), SO-FIT (www.so-fit.ch) or OSFIN (www.osfin.ch).

So-called self-regulatory organisations, such as SRO VQF (<https://www.vqf.ch/en/sro>), SRO PolyReg (www.polyreg.ch) or SRO ARIF (www.arif.ch) are responsible for overseeing financial intermediaries being subject to anti-money laundering regulations only, such as money exchanges, money transmitters, escrow agents, custody wallet providers with segregated client wallets, etc.

Investment advisors are subject to registering as a client advisor in an advisory register operated by BX Swiss AG (www.regservices.ch), ARIF (www.arif.ch) or PolyReg (www.reg-fix.ch), which in particular requires joining an Ombudsman Office (list of Ombudsman Offices: <https://www.efd.admin.ch/efd/en/home/the-efd/ombudsman-finsa.html>).

Prospectuses for offering securities in the public need to be approved by prospectus offices, such as BX Swiss AG (www.regservices.ch) or SIX Exchange Regulation AG (www.ser-ag.com).

C. Crypto in Switzerland

Contributed by Igor Bannikov

One won't reveal any secret by saying that a solid foundation for building a business is to know what you are allowed to do - and what you are not. Compared to several jurisdictions where the blockchain is viewed with grave suspicion, Switzerland has been successfully developing legal and regulatory certainty for the blockchain industry.

The first crypto companies started appearing in Switzerland around 2013, however, the crypto industry started to flourish mainly around 2017 when the bitcoin prices went up. Since then Switzerland has been one of the leading players in the global adoption of tokenized digital assets and DLT technology. There is no wonder that 2 first fully-fledged crypto banks in the world were licensed already in 2019 by the Swiss financial regulator, FINMA. It is also worth noting that already since middle of 2016 the Swiss Private Bank Vontobel issued a Bitcoin certificate facilitating crypto investments for an average customer without technical knowledge of blockchain technologies.

On September 2021 FINMA approved a Swiss Fund that invests primarily in crypto-based assets, "Crypto Market Index Fund".

Currently the crypto sector in Switzerland counts around 1'000 companies employing some 5'000 workers across the country. Although these numbers represent only a small portion of the employees of the traditional financial sector estimated at 220'000 people, its number is rapidly growing through the last couple of years.

Regulation

Several studies conducted by different organizations analyzing factors such as actual regulations set, ICO regulations, regulations on cryptocurrency as payment and the taxation of the cryptocurrencies place Switzerland among the leaders of Blockchain-Friendly jurisdictions.

End of 2018 The Swiss Federal Council published a report on the legal framework for Distributed Ledger Technology (DLT) and blockchain in Switzerland. The DLT-Law entered into force on August 1, 2021. The DLT-Law introduced a new concept of DLT-Securities under the Swiss Code of Obligations allowing for the tokenization of rights, claims and financial instruments. It also introduced a new licencing category of a DLT-Trading Venture and provided some clarifications on the treatment of cryptocurrencies in case of insolvency proceedings.

The revised Federal Ordinance on Bank and Savings which came into force under the DLT-Law defines the term crypto-based assets as assets that, pursuant to the intention of the originator or issuer, were issued with the primary intention to substantially serve as (i) a payment instrument for the acquisition of commodities or (ii) an instrument for money or value transfers. However, Swiss law doesn't define the term cryptocurrency or virtual currency.

The definition of the term "crypto-based assets" is relevant while determining whether the acceptance or storage of crypto-based assets needs a license.

In Switzerland, cryptocurrencies do not qualify as legal tender, thus are not considered "money" in the strict sense. Although the Swiss National Bank (SNB) is closely monitoring the crypto market and its development, there is no "state-backed" cryptocurrency issued by the SNB and it is not clear yet, whether the SNB will issue such a currency. It is worth mentioning however that the SNB entered into an operational agreement with the Bank for International Settlements (BIS) to gain in-depth knowledge of the technological developments and is testing a DLT infrastructure to perform the settlement of "tokenized" assets between financial institutions. The SNB together with BIS and the Banque de France want to experiment with cross-border transactions settlement.

Also cryptocurrency related activities are not prohibited in Switzerland, and offering and selling cryptocurrency is not subject to specific Swiss sales regulations, an offer and sale of utility tokens, asset tokens and stablecoins may become subject of the regulation if the tokens constitute securities under the Swiss Law. Where or which token qualify as security is not entirely clear (no statutory guidance or any case law available) and thus each token will have to be subject to a case-by-case consideration. However, FINMA's intention is not to qualify cryptocurrencies as securities if their sole purpose is to confer digital access rights to an application or service and if the utility tokens can already be used in this manner at the point of issue.

As of 2021, in the Canton of Zug, Bitcoin and Ether are even accepted for tax payments.

To conclude, the Swiss crypto market has matured, defined a legal framework with first banking licenses being granted. It allows the country to become more innovative and competitive and to attract new companies from other countries.

D. Fintech in Switzerland

Contributed by Jelte Waardenburg

Its international airport, high quality infrastructure and a very efficient public transport network. As a traditionally strong and stable financial service centre and access to renowned universities and talent Switzerland offers ideal conditions for driving innovations in the fintech eco system.

Switzerland enjoys an international reputation as a trustworthy, reliable and innovative financial service centre. Years of experience in the banking and insurance sector combined with technological expertise and a well-developed infrastructure provide excellent conditions and a first-class ecosystem for the fintech sector. With the adoption of the new banking regulation and the creation of a business model neutral fintech license, Switzerland put itself on the global map.

The Swiss legal and political system is a major competitive advantage including pragmatic, innovative and forward looking key regulatory authorities. This has resulted for example in favouring sandbox licenses for fintech start-ups, and other ways to accommodate and support the fintech industry. In the future, market entry barriers for fintech companies will be reduced and the competitiveness of the Swiss financial centre will further increase.

From a tax point of view, Switzerland has a high number of double tax treaties in place and fintech companies benefit from low corporate and individual tax rates. In 2020 the kanton of Zug government further improved the competitive advantage by reducing the corporate tax rate for companies located in the canton of Zug to 11.91 %, which is one of the lowest rates in Europe.

In June 2021, Findexable published the Global Fintech ranking report 2021 which shows the highest ranked jurisdictions having a major impact on the fintech industry forward. Switzerland is ranked the 5th fintech country behind the USA, UK, Israel and Singapore.

For an overview of the latest Fintech startups map refer to the following link
[Fintech Startup Map September 2021.](#)

II. GETTING A COMPANY STARTED

A. Registration Process

Contributed by Katharina Lasota Heller

There are many forms of doing business in Switzerland. The most common are: limited liability company (GmbH) and a company by shares (AG).

1. Limited liability company (GmbH)

A GmbH must have an initial share capital of at least CHF 20'000 of which the total amount of CHF 20'000 must be paid in at a Swiss bank or contributed by contribution in kind (crypto assets, including crypto currencies or other assets etc.)

- Denomination: a master share must have a value of at least CHF 100.
- The GmbH has to select an auditing body, which may be waived under certain conditions (see sec. 7).
- A GmbH must be created in the way of notarial deed.
- A GmbH must be created in the way of notarial deed. The costs of creation of a standard GmbH without special legal counseling amount to CHF 1'500 – 2'000 including the costs of notarial deed.

2. Company limited by shares (AG)

An AG must have an initial share capital of CHF 100'000. At least 20 percent but never less than CHF 50'000 must be paid into a Swiss bank or contributed by contribution in kind (crypto assets, including crypto currencies or other assets etc.).

- Denomination: a share must have a value of at least CHF 0.01.
- AG has to choose an auditor, which may be waived under certain circumstances (see sec. 7).
- An AG must be created in the way of notarial deed. The costs of creation of a standard AG without special legal counseling amount to CHF 1'500 – 2'000 including the costs of notarial deed.
- A creation of companies with bearer shares is not possible anymore.

3. Special requirements on initial share capital relating to finance and cryptofinance industry (examples)

DLT-Trading Facility: generally, 5 Mio CHF. If securities are not held in the custody centrally by the trading system and the settlement of transactions is not executed by the trading system, 1 Mio CHF is sufficient.

Fintech Banking-License: 300'000 CHF or 3% of the accepted deposits (whichever is higher)

Asset manager or trustees for individuals: 100'000 CHF + adequate collateral (at least one quarter of the fixed costs of the last annual financial statements)

Manager of collective assets: 200'000 CHF + adequate collateral (at least one quarter of the fixed costs of the last annual financial statements, maximum is 20 Mio CHF)

4. Swiss resident – representation body

In order to establish and to run an AG or GmbH a person residing in Switzerland (administrative board / managing director/ authorized signatory) is required. The person does not have to be a Swiss citizen but must be a Swiss resident with at least permit B allowing for commercial activity or employment (please see sec. ... for more details concerning permits Depending on the business activity, the function incurs costs of CHF 5'000 to CHF 20'000 plus social insurance (11%) and liability insurance (about CHF 600) per year. Additional work provided by the authorized person will usually be charged on hourly rates.

5. Operation and Audit

The ordinary audit is mandatory for all legal persons exceeding two of the following sizes in two consecutive financial years:

- a) Balance sheet total of CHF 20 million;
- b) Sales of CHF 40 million;
- c) 250 full-time jobs on annual average.

Ordinary auditing usually costs between CHF 2'500 and CHF 4'500 per year. There is the so-called "limited revision" (limited audit) for companies that do not fulfill the above requirements. For the limited audit, audit firms charge approximately CHF 2'500.

Completely exempted from a revision is a company that would be subject to the limited audit, if all shareholders / shareholders waive the limited audit (so called "opting out") and society has no more than 10 full-time employees on average over the year.

6. Bookkeeping

The bookkeeping is mandatory for both types of company mandatory by law. There is no legal obligation to use certain software for accounting purposes. It can be assumed that the bookkeeping (100 bookings including annual accounts and tax return) will cost CHF 1'000 - CHF 1'500 per month. There are also some special offers for start-up, which – depending on the accounting companies - usually amount to CHF 5'000 per year. Additional work will be charged according to effort.

7. Other important information based on FAQs

- In order to hold shares in a Swiss company one does not need to be a Swiss Citizen.
- A foreign company can generally establish a company in Switzerland as a sole shareholder
- A foreign natural person can generally establish a company in Switzerland as a sole shareholder
- A company can be established by Power of Attorney (the signature of the shareholder shall be notarized and an apostille shall be provided on the document).
- The initial capital must be paid into a Swiss bank, an operational account for the company can be run in a foreign bank.

B. Administrative requirements (such as requirements for board members) *Contributed by Seyra Dagadu*

Incorporated businesses in Switzerland require a Swiss national or resident. There must be at least one board member although there are no maximum limits. (<https://www.zg.ch/english/business/setting-up-a-business>)

The administrative requirements follow from the type of business and its activities. Therefore, a clearly defined scope of operations of the blockchain and or cryptocurrency business is needed. This informs the range of administrative requirements and the potential regulatory bodies that would be engaged.[1] Board members need to be fit and proper persons for the type of work they wish to undertake, therefore financial qualifications for Fintech may be relevant for instance.

The key regulator for financial services in Switzerland includes the Financial Markets Supervisory Authority (FINMA). Broadly speaking, there are a list of licences that FINMA grants depending on the type of activity that the business intends to have, and the type of token that is likely to be issued. See FinTech licence or licencing as a DLT trading facility for example. [2] If there are activities that are traditionally regulated within the Swiss market, using blockchain technology to do the same is likely to engage similar regulation. It is worth communicating with FINMA directly as they are open to the specificity of each blockchain enabled project and can consider them on a case-by-case basis. Even if a FINMA license is not required, it is possible that there may be a requirement to join a Self-Regulated Organisation (SRO), each having administrative requirements. A careful assessment needs to be done to determine this.

Other administrative tasks include reserving your trading name, opening bank account(s) and drafting your statutory papers. There is a requirement to file the articles of association with the Zug commercial registry office.

Useful links

https://www.gruenden.ch/fileadmin/user_upload/gruenden_publication/gelbe_seiten/gruenden_2022_en_foundation_checklist_company.pdf

C. **Getting the right license** *Contributed by Ekaterina Anthony*

Switzerland is a progressive country in the field of crypto regulation. Basically, you can start any business with crypto assets in a transparent regulatory environment. We provide all the information about licensing from the regulator's website where the types of licenses and when they are required are described in detail. In our experience any question on how to approach your specific business case can be answered by already released guidelines or contacting the regulator directly. You may also contact local consultants who can help you understand the regulatory framework and help your project to position the regulatory part correctly.

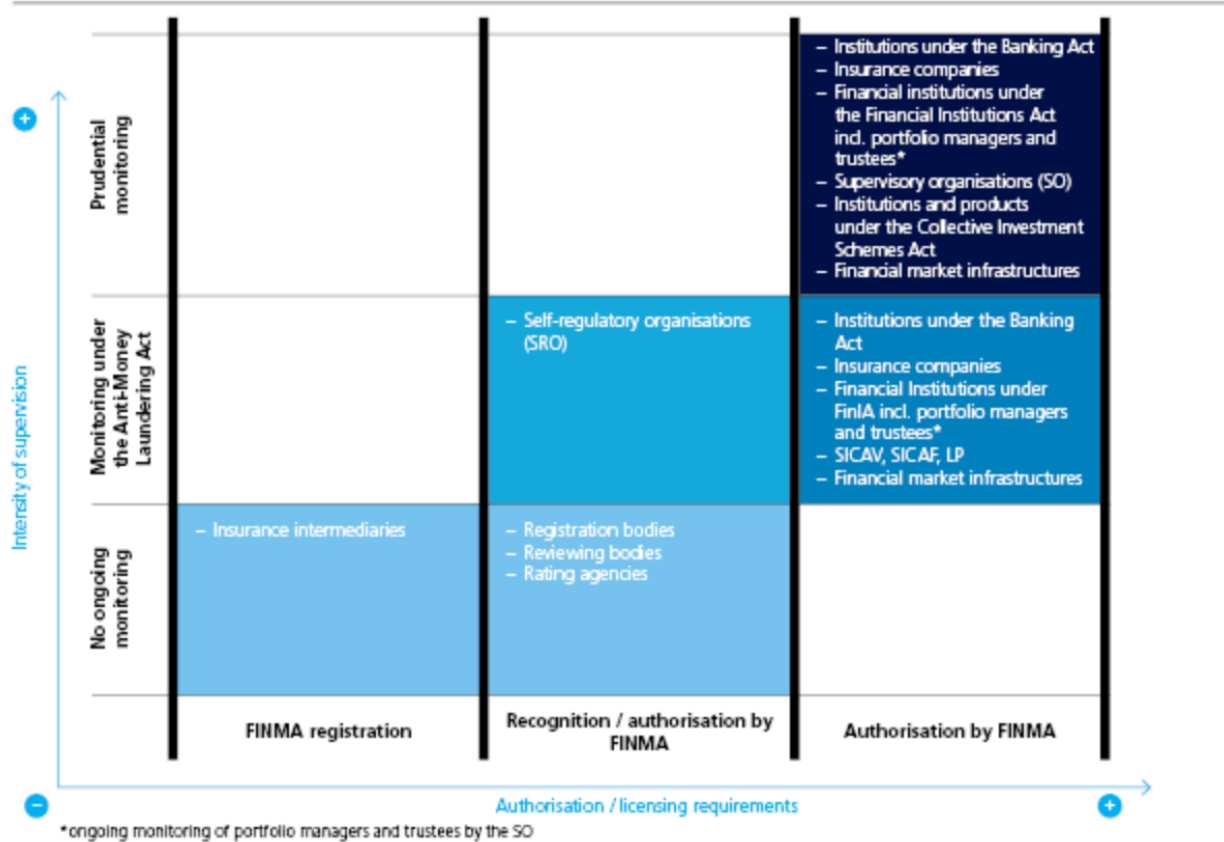
FINMA grants five types of authorisation: licensing, recognition, authorisation, approval and registration. The supervisory intensity varies depending on the type of authorisation concerned.

Individuals or companies intending to accept money from investors, to issue insurance policies or to set up a fund must have authorisation to operate in the financial market. This is granted only to those meeting the relevant statutory requirements. Not every type of licence is subject to the same intensity of supervision by FINMA.

The most common type of authorisation granted by FINMA is a licence to engage in a given financial-market activity. [Banks](#), certain financial institutions (e.g. [securities firms](#), [fund management companies](#), [managers of collective assets](#)), [insurers](#), [collective investment schemes and financial-market infrastructures](#) must comply with stringent organisational, financial and risk-minimisation requirements. They are also subject to prudential supervision by FINMA.

FINMA also licenses [portfolio managers and trustees](#). However, compliance with licensing requirements is not monitored directly by FINMA but by a [supervisory organisation \(SO\)](#). FINMA licenses and supervises the SOs.

Types of authorisation and intensity of supervision



Source: <https://www.finma.ch/en/authorisation/types-of-licensing/>

Recognition

This is the type of authorization FINMA grants to self-regulatory organizations ([SROs](#)) and [rating agencies](#). The latter are not supervised by FINMA.

Authorization

The [registration body](#) and [reviewing body for prospectuses](#) require authorisation from FINMA to operate. FINMA does not supervise the registration body or reviewing body but it does receive an annual activity report from them.

Approval

In a limited number of financial sectors, FINMA also approves products and tariffs. Products issued by collective investment schemes, occupational pension schemes and supplementary health insurers are subject to FINMA approval. In the insurance sector, FINMA undertakes preventive product control to monitor insurers' general terms and conditions and their tariffs. Approval will be granted to collective investment schemes provided their documentation complies with CISA requirements. Supplementary health insurance and occupational pension schemes are the only

areas in which tariffs are subject to FINMA approval. In addition, FINMA evaluates and approves the uniform set of tariffs that Swiss insurers apply to their natural-hazard policies.

Registration

FINMA maintains a register of authorized [insurance intermediaries](#). Admission to this register is also subject to specific conditions. Once registration has been granted, FINMA does not conduct any ongoing supervision.

Swiss FinTech

Swiss regulator FINMA encourages innovation and competitiveness in the Swiss financial marketplace. If you are embracing technological change and you intend launching a FinTech company or providing FinTech financial services, you will need to learn more about market regulation and assess what type of licensee is required for your business.

It is important to do the right company set up and authorization from the very beginning.

FINMA has been working a lot on the challenges presented by FinTech regarding authorization, supervision and regulation. Innovative trends and ideas require a solid framework within which to operate, while clients and the financial system as a whole need protection during this shift in direction.

Before launching operations, FinTech companies must establish whether they are subject to anti-money laundering and authorization requirements.

Anti-Money Laundering

You are most likely subject to the Anti-Money Laundering Act if

- client assets are paid into your accounts;
- payment transactions, currency exchange, fiduciary services, asset management lending and leasing, and issuing payment instruments are part of your business model.

FINMA Authorization

You require FINMA authorization if

- acceptance of client assets features in your advertising;
- client assets are paid into your accounts;
- the number of clients whose deposits or crypto based assets you accept is over twenty;
- managing units in collective investment schemes and advertising this service are part of your business model;
- trading shares and other securities, as well as
- brokering insurance products and insuring client risks feature in the services you offer.

FinTech Licence

To boost innovative financial companies, the Swiss parliament has introduced the new FinTech licence – a licence with relaxed requirements. FINMA is responsible for granting this licence.

The FinTech licence allows institutions to accept public deposits of up to CHF 100 million or crypto based assets, provided that these are not invested, and no interest is paid on them. A further requirement is that an institution with a FinTech licence (persons under Article 1b of the Banking Act)

must be a company limited by shares, a corporation with unlimited partners or a limited liability company and must have its registered office and conduct its business activities in Switzerland.

Licensing as a DLT trading facility

Licensing as a DLT trading facility allows for multilateral trading of DLT securities and is regulated by the Financial Market Infrastructure Act.

DLT trading facilities pursuant to Chapter 4a and/or Article 73a ff. are permitted to operate a facility for multilateral trading of DLT securities

- whose purpose is the simultaneous exchange of bids between several participants and the conclusion of contracts based on non-discretionary rules and which either admits participants in accordance with Article 73c para. 1 let. e FinMA ("retail customers"),
- holds DLT securities in central custody based on uniform rules and procedures,
- or clears and settles transactions in DLT securities based on uniform rules and procedures.

At least one of these three conditions must be satisfied to trigger a licensing requirement as a DLT trading facility. The DLT trading facility must be structured as a legal entity under Swiss law and have its registered office and head office in Switzerland.

ICO, token issuing events

FINMA assesses enquiries from natural persons and legal entities with regard to whether the intended business activities require a licence and are therefore subject to supervision. The assessment of authorisation enquiries and ICOs involves analysing specific and isolated facts under financial market law. Further information can be found in the ICO guidelines for enquiries regarding the regulatory framework for initial coin offerings (ICOs) and in the supplement to these guidelines published on FINMA web page: <https://www.finma.ch/en/authorisation/fintech/unterstellungsanfragen-und-icos/>

Other useful documents for doing crypto business in Switzerland:

1. [2016/07 FINMA Circular "Video and online identification" \(03.03.2016\)](#)
2. [SBA guidelines on opening corporate accounts for blockchain companies](#)
3. [FINMA Guidance 02/2019 Payments on the blockchain](#)
4. [Fact sheet: Combating money laundering: financial intermediaries must comply with due diligence requirements](#)
5. [Guidelines for the recognition of self-regulation in asset management as minimum standard](#)
6. [CO Guidelines for enquiries regarding the regulatory framework for initial coin offerings \(ICOs\)](#)
7. [Supplement to the guidelines for enquiries regarding the regulatory framework for initial coin offerings \(ICOs\)](#)
8. [Guidelines for FinTech licence](#)
9. [Guidelines on licensing as a DLT trading facility according to Art. 73a ff. FinMA](#)

III. WORKING IN SWITZERLAND

A. Taxes

Contributed by Boris Huber

Taxes in Switzerland, like anywhere else, are a matter that need to be taken into consideration, when establishing a business. It pays dividends to keep in mind that the federal structure of Switzerland allows for some limited competition between the various territorial constituents of the country; so here you can get your first primer of what to expect in taxes.

And some good news first: the Canton of Zug has one of the lowest corporate taxes in Switzerland. Canton of Zug is known for its pragmatic and business-oriented tax policy generally.

Please refer to the homepage of the Canton of Zug for more information about taxes but not only: (<https://www.zg.ch/behoerden/finanzdirektion/steuerverwaltung>).

Corporate Income Tax

For any company that is permanently established in Switzerland, Corporate Income Tax is levied in accordance with the three-tier territorial-political organization of the Swiss Federation. The total Corporate Income Tax is hence split into:

1. Federal Corporate Income Tax
2. Cantonal Corporate Income Tax
3. Communal Corporate Income Tax

Firstly, Corporate Income Tax on a federal level is levied at a flat rate of 8.5% on profit after tax; this level changes somewhat, since the Corporate Income tax is itself deductible from the taxable income, hence reducing the taxable income base.

Secondly and most importantly, however, one must consider that each Swiss canton has its own tax laws: Cantons and their communes apply different rates of Corporate Income Tax - and differences here can be considerable, so it is well worth consulting the figures before deciding, where to settle down.

In total, you can expect Corporate Income Tax to fall anywhere between 12% and 21%, depending on the commune and the canton you decide to register your business in.

Deductions are possible, but are restricted to internationally acceptable bonuses for R&D, patent boxes, etc.

VAT

Generally, Switzerland levies a standard VAT rate of 7.7% on all proceeds of sales made and services provided in Switzerland. There are certain reduced rates, however, these mainly concern basic consumer goods.

Capital Tax

A company's equity is liable for capital tax; these are levied on the cantonal and communal level and usually vary from 0.001% and 0.5%, depending on the location of corporate residence within Switzerland.

Other Taxes

Social Security Contributions – corporations are required to make contributions to the social security of their employees (payments toward disability insurance, accident insurance, old age pension and unemployment)

Stamp Tax – Switzerland levies a stamp tax (Issuance Stamp Tax) on all equity contributions to Swiss companies (at a rate of 1% of the fair market value of the contribution). There is a fair number of exemptions to this rule, such as a parent company transferring assets, so it makes sense to get a sounding of this topic before investing.

Property Tax – The transfer of real estate property usually triggers a levy of property taxes, but this is dependent on the location of the property and the corresponding cantonal and communal laws. However, capital gain realized on the sale of property falls under the Corporate Income Tax regimes on the federal, cantonal and communal levels as described above.

B. **Compliance**

Contributed by Ekaterina Anthony

Beginning January 1, 2020, oversight requirements for entities under the supervision of the regulator are significantly increased or subject to new rules. With the enactment of the Financial Institutions Act (FinIA) and the Financial Services Act (FinSA), previously independent individual client financial asset managers and trust managers will now be subject to supervision and licensing.

Such managers must have a full risk management and internal control system. The Anti-Money Laundering Act (AMLA) clarifies that financial intermediaries must ensure that their employees are sufficiently trained and supervised. This also applies to crypto asset managers, which also fall under the category of financial intermediaries and therefore must have an organization that ensures compliance with AMLA obligations.

A company that falls under one of the categories of FINMA supervision must build the right compliance and internal controls. Compliance functions can be managed in-house or outsourced to specialists. The Swiss law allows the outsourcing of compliance functions.

C. **A Business Plan**

Contributed by Jelte Waardenburg

Important consideration while drafting a business plan to start a fintech company consist of the following steps:

Identify and assess applicable (local) regulations: Fintech banking are highly regulated industries in Switzerland and require a detailed analysis on the specific regulatory requirements (refer to section on licensing requirements).

Identify your niche area: What is the problem or shortcoming that your product /offering will be addressed in the market? What are the options to gain market share (from competitors, overall growth, otherwise)? Who will be the targeted customers, is your product scalable and flexible enough to adopt to vast changing environment?

Find your competitive advantage: Who are the current (key) players in this space and how will you compete? What is you unique selling and value proposition? What is needed to maintain / regain such competitive advantage.

Hire the team: Have access and attract and retain key talent to support the execution of your strategic business plan. ETH University in Zurich climbs ranks top six of the world's best universities and be

crowned the second-best university in Europe. The University of Zurich is also an important Blockchain center in Switzerland.

Get funded: Define funding needs to launch and run the business. Identify potential sources of funding (seed, angel, Series, STO, IPO etc). (Refer to section on funding)

Build and improve: Is your product scalable and flexible enough to adopt to a complex and rapid changing environment? How do you retain your competitive advantage / market share? Are you considering strategic partnerships, acquisitions or could you be a potential take-over candidate?

D. **Suppliers**

Contributed by Seyra Dagadu

In the private sector, there is no mandatory tender requirement when seeking a new supplier. However, it is prudent to use best practice:

- Have clarity and communicate what you want done, and how.
- Choose your supplier(s).
- If there is a service level agreement with them (SLA), check for compliance of this and review it intermittently.

In instances when the supplier must either obtain, transfer or manage personal data, or is acting as a financial intermediary, AML or data protection requirements may be engaged. This may mean parties either need or want more compliance related information.[3] Perhaps business or legal advice may help here.

Generally, Zug has local and international suppliers readily available and accessible. These include a blend of both large and small businesses. It also boasts a collection of international firms, as well as a close-knit network of service providers, suppliers and private institutions. Secondary services and suppliers such as training, sport and cultural events are all available within the canton as well as an efficient infrastructure and living spaces. Central Switzerland also easily connects to neighboring countries and international airports (Zurich).

E. **Funding**

Contributed by Jelte Waardenburg

Crowdfunding / investment platforms in Switzerland

<https://fintechnews.ch/fintech/born-in-switzerland-swiss-original-fintech-overview-map/14026/>

Process to be successful to acquire funding:

- Develop a detailed plan for an investable project
- Accurately assess the financing stage of a new venture
- Develop a funding roadmap for a new business
- Identifying the right investor for a project at each development stage of the new venture
- Developing an effective pitch deck to secure funding

Stages of funding

a) **Pre-seed stage**

The earliest stage of funding a new company, the "pre-seed" stage refers to the period in which a company's founders are first getting their operations off the ground. Define a strategic

position, and assess an investor fit and develop a pre-seed funding round pitch for an actual business venture.

b) Seed stage

Seed capital refers to the type of financing used in the formation of a startup. Funding is provided by private investors—usually in exchange for an equity stake in the company or for a share in its profits. Much of the seed capital a company raises may come from sources close to its founders including family, friends and other acquaintances. Obtaining seed capital is the first of four funding stages required for a startup to become an established business.

c) Series A Funding

Series A funding refers to an investment in a privately-held startup company, after it has shown progress in building its business model and demonstrates the potential to grow and generate revenue. Combining research, strategic planning, valuation methods, sociology and storytelling, you will move into pitch development for series A investors.

d) Series B Funding

Series B funding is the second round of funding for a company that has met certain milestones and is past the initial startup stage. Building on the Series A pitch, you will prepare a Series B funding pitch to investors.

Sources of Funding

1. Friends and Family.

Borrowing money from friends and family is a classic way to start a business. While it may be harder to convince investors or banks of the quality of your idea, family and friends often believe in your dream.

They may be more willing to help fund your idea / company. If you do go to friends and family for loans, it's a good idea to make sure that all parties involved obtain appropriate legal advice, especially if the funds are provided as a loan.

2. Small Business Loans

Some banks offer loans to small businesses; however, banks have become more restrictive about offering loans to start ups and small business due to increased regulatory requirements. As such the process could be onerous and It can be difficult to qualify. There are alternative lending companies who may be better equipped to help you get your business off the ground.

3. Bootstrapping

Bootstrapping is one of the most common ways to establish your new business. Basically, you use your own available funds to run your business. This money may come from personal savings, low or no interest credit cards, or mortgages and lines of credit on your home.

4. Incubator or Accelerator

The number of Incubators or accelerators programs / spaces have mushroomed in Switzerland, in particular near colleges / initiatives with an expansive network. These spaces are part communal workspace and part mentorship development centres. Newly established businesses can get a great start here while partnering with some well-connected individuals.

5. Crowdfunding

If you have a great idea and you are great at social media, crowdfunding might be an option. It is relatively easy and fast depending on how well you are able to present and articulate

your business plan to attract investors. There have been a large a number of businesses being very successful getting funding through this means.

6. Small Business Grants

The Small Business Administration as well as other organizations sometimes offer grants to small businesses who qualify based on specific criteria. Before you apply, the local Chamber of Commerce would be a good first point of call to assess if your business fits the predefined criteria.

7. Venture capital

Venture capital is a form of private equity financing that is provided by venture capital firms or funds to startups, early-stage, and emerging companies that have been deemed to have high growth potential or which have demonstrated high growth.

8. Angel investor

An angel investor is an individual who provides capital for a business or businesses start-up, usually in exchange for convertible debt or ownership equity. Angel investors usually give support to start-ups at the initial moments.

F. Banking

You are moving to Switzerland and want to set up a bank account. Of course, many factors will play into a decision on how to set up your banking services: Are you transferring significant savings or other assets? Are you looking for private banking, traditional retail banking or electronic banking services? Do you need a bank that interfaces with crypto assets? Do you make frequent or high value foreign currency transactions? Will you be living, paying bills, renting property, borrowing money, using a credit card or buying property in Switzerland?

Clearly you will need to do your own research based on your individual profile and requirements. This section aims to give a brief introduction to the Swiss banking system and to answer some basic questions.

What different types of banks exist in Switzerland?

Switzerland has no shortage of banks. The main nation-wide banks are: UBS, Credit Suisse, Raiffeisen, Migros Bank and Swiss Post. Most cantons have their own government-owned cantonal banks like Zuger Kantonalbank or Luzerner Kantonalbank.

There are also regional savings banks, private/investment banks and a number of international banks such as HSBC, Barclays, Deutsche Bank in larger cities.

If the institution has a Swiss Banking Licence, your deposits will generally be protected up to CHF100'000. More information here: <https://www.esisuisse.ch/en/deposit%20insurance/client-information>

In comparison with other jurisdictions, Swiss banking may generally have higher fees and a less developed challenger bank ecosystem. Nevertheless, there are a number of digital only banks, such as Neon which generally have lower fees than their traditional competitors.

Take care with services like Revolut as they may not offer a personal Swiss bank account number. A personal bank account number may be required to receive or make payments in certain circumstances. Also take care if you are American – not all banks will be willing to open an account for you. The US embassy retains a list of the exceptions.

These sites may have additional useful information:

<https://www.moneyland.ch/en>

<https://www.monito.com/en/wiki/how-to-open-a-bank-account-in-switzerland>

<https://www.expatica.com/ch/finance/banking/how-to-open-a-swiss-bank-account-102298/>

Will I need a Swiss bank account?

Not having a Swiss bank account may make it more complicated to receive a salary, rent a house and pay bills. A Swiss bank account will definitely be necessary if you want to register a company.

What will I need to open a bank account?

You will generally need a valid form of identification, proof of your address, and proof of Swiss residency (which may, in itself, take some time to receive after you have arrived in the country).

Although it is possible to open an account from abroad, this may be more complicated, expensive and time consuming as, for example, you may need to provide notarised or apostilled copies of documents.

How about business banking?

Some banks have already automated the onboarding process sufficiently and opening an account can be implemented within one week. But it all depends on your individual case. Depending on Bank policy, you may be asked to come in for an individual meeting and provide additional documents. Not all banks are suitable for crypto business yet, but the number of crypto friendly banks is constantly growing

Which banks are crypto-friendly?

Generally the bigger banks have been slow to provide crypto-related services, but that is changing. If it will be important for your account to be able to interface with crypto exchanges or other organisations, you should check that the institution can accommodate your requirements.

In 2019 FINMA has granted with Crypto Bank license Sygnum and Seba Banks that are enabling crypto accounts opening for Swiss-based companies. Other traditional Banks have started to work with crypto assets. Luzerner Kantonalbank, Maerki Baumann, Gazprombank (Switzerland) Ltd, Incore, BBVA and others. Some of them also have developed relationships with partner crypto exchanges.

G. Work permits

Contributed by Katharina Lasota Heller

General remarks

Swiss passport holders do not require a work permit at all. Access to the Swiss labor market is also granted to citizens from EU/EFTA member states. There is also a helpful Link on the website of Switzerland Global Enterprise - <https://www.s-ge.com/en/sbh>.

However, to obtain a work permit for non-Swiss/EU/EFTA citizens, there are some conditions to fulfill as Switzerland operates under a quota system for these countries. In any case, there are two application forms, «B2» for work permits one year or more, or «K2» for work permits for up to 120 days in a calendar year. The documents that have to be submitted together with the application forms are mentioned on the form itself.

The cantons are doing a pre-decision based on the case before the final decision is taken by the federal authorities in Berne. There are two primary decision criteria: first, the economic value that the applying company will create for Switzerland and the canton in which it is located. Second, the person applying for the work permit must meet the requirements of a highly qualified specialist (university degree, several years of professional experience, fair market salary for the job).

Alternatively, to a full year permit application, you can also apply for the permit «K2», which is for up to 120 days per calendar year. The K2 visa requires the same documents to be submitted as the B2, but the decision on the K2 work permit is taken on a cantonal level.

Requirements for the documentation

Apart from the request form for the «B2» work permit (and all the documents mentioned in the form) here some further clarifications:

- Accompanying letter/executive summary: As the federal authorities are deciding based on the provided information, it is important to briefly describe your case. Describe the global strategy/structure and the planned investment/footprint in Switzerland. From our experience, the better you can summarize your case, the fewer questions come back from the federal authorities. Please also describe why the to be hired non-EU person is required or crucial to the success of the business in Switzerland. In the case that the person is not a significant shareholder/co-owner of the company, you will need to prove that such a person was not found via recruiting efforts within the EU.
- In addition to the historical data for financials/headcount it is also important to provide a business plan as follows:
 - A short one-page business plan should show financial key figures for the first 3-5 years such as sales, margins, OPEX (with breakdown in personnel related costs, admin costs), profit before tax, tax, and net profit. Ideally an overview of your global business, but in the end the authorities are mainly interested in the Swiss entity.
 - Headcount data needs to be provided by year (split in Swiss/EU/EFTA and non-EU/EFTA people). This refers to the Swiss entity, but of course if you have an overview of your global activities, this is always helpful.
 - Your company address should not have a domiciled "c/o" address. When submitting the application, the company should have its own address, which means their own offices or an office rented in a business center. As an exception for new or to be incorporated companies, the authorities accept if a rental contract for the future address is included.

For more information you can check [ihb-06-visas-residence-permits-and-work-permits-s-ge-2018-07.pdf](#).

H. Getting the right premises

Contributed by Reto Luthiger

Mountain views, lakeside locations and urban oasis – Switzerland and the Canton of Zug have much to offer for your company in terms of office space.

With a modern infrastructure and public transport that goes nearly every place at any time, finding a good object is much easier than deciding on one.

The Canton of Zug is located ideally for fintech and crypto business; it's the heart of the Crypto Valley and offers quick and easy access to the financial centre of Zurich – along with its international railway hub and its magnificent airport – and equally rapid connections to the mountainous areas full of opportunities for leisure, creativity and relaxation.

In this spiritually uplifting setting you can choose between rental office space of various sorts: Zug has everything from prestigious high-end office locations in historical buildings, over modern icons of architecture to shared office space for Zug's many busy and buzzing startups.

A good start for your research are the web-pages of real estate and accommodation services, and the offices of specialized letting agents.

The most popular are:

<https://www.immobilier.ch/en>

<https://www.immoscout24.ch/en/house/rent>

<https://www.homegate.ch/en>

<https://en.houzy.ch>

<https://www.easyoffices.com/gb-ch>

<https://www.spacesworks.com/zug/grafenauweg>

Since space is not cheap anywhere in Switzerland, it helps to take some time to decide; also get some good idea of what you want, as rental agreements in Switzerland usually come in various forms: open-ended ones, fixed-term, with or without service charges included, etc. Don't forget about co-working options. There are many opportunities and companies to provide you with this concept of renting in canton Zug.

Once you are well informed and ready to take the plunge, it is time to enjoy the excellent standard of business life from your new base at the heart of Crypto Valley.

IV. GETTING CONNECTED

Professional Organizations

Contributed by Seyra Dagadu

Name	Description	Website & twitter
Crypto Valley Association (CVA)	Member led organisation that advocates blockchain related discussions, innovation and networking. Supported by the Swiss government and boasts strategic partners which include Swiss universities, NGOs, and marketing communication platforms.	https://cryptovalley.swiss https://twitter.com/thecryptovalley
Department of Economic Affairs Zug	Partners and promotes Zug as a business location.	www.zg.ch/economy https://twitter.com/zugeconomy?lang=en https://www.linkedin.com/company/economic-promotion-canton-of-zug/
Swiss Blockchain Federation (SBF)	Public private partnership that promotes the attractiveness of Switzerland as a place for blockchain based business.	https://blockchainfederation.ch/about-us/?lang=en https://twitter.com/BCFederationCH
Switzerland Global Enterprise (S-GE)	OFFICIAL: The official Swiss organisation for export and investment promotion. Helps 'innovative foreign companies set up in Switzerland'. It does so by providing information, services and contacts in Switzerland. Also develops Swiss businesses to operate internationally.	www.s-ge.com https://www.s-ge.com/en/who-we-are https://twitter.com/sge?lang=en
Swiss State Secretariat for Economic Affairs	OFFICIAL: The Swiss authority for core issues relative to economic and labor market policy.	https://www.seco.admin.ch/seco/en/home.html
OpenVASP Association	A non for profit organisation dedicated to advancing the protocol and its ecosystem. Its goal is to facilitate compliance with Recommendation 16 of the Financial Action Task Force (FATF), commonly referred to as the "Travel Rule."	https://openvasp.org/association/ https://twitter.com/openvasp?lang=en
Bitcoin Association Switzerland	Founded in late 2013 the Bitcoin Association Switzerland is the oldest Fintech association in Switzerland and one of the oldest still active Bitcoin Associations in the world. We form an active community of enthusiasts who organize events, resolve open legal questions, and educate the public by providing a contact point for media inquiries.	https://www.bitcoinassociation.ch https://twitter.com/bitcoin_ch
Swiss LegalTech Association	An independent association bringing together the Swiss legal technology community	https://www.swisslegaltech.ch/about-3/ https://twitter.com/ch_legal_tech?lang=en
Innovaud	Innovaud is the innovation and investment promotion agency for the canton of Vaud, in Switzerland's Lake Geneva region.	https://www.innovaud.ch/

V. LIVING IN SWITZERLAND

Of course everyone's experience of living in Switzerland will be different. What might make you fall in love with Switzerland? What might you find frustrating?

Things to love about living in Switzerland

High quality of life:

You can expect a high quality of life in Switzerland. For example, in 2021 the U.S. News & World Report ranked Switzerland number 4 out of 78 of the World's Best Countries (down from number 1 in 2020). <https://www.usnews.com/news/best-countries/switzerland>

Culture and language:

Even though relatively small, Switzerland boasts four national languages: German, French, Italian and Romansh. In larger cities with lots of expats like Zug and Zurich, English is widely spoken.

Natural beauty:

Mountains cover two thirds of Switzerland and the opportunities for hiking, biking, winter sports and other outdoor pursuits are amazing. Zug and Zurich make good use of their lakes with public "badis" offering great facilities for outdoor swimming in the summer.

Punctuality:

If you like things to run on time then Switzerland is the place for you. Don't be surprised if your Swiss friends even turn up early to a party invitation. Public transport connections are precisely calibrated and generally work well (make sure you get a "Halbtax" card for cheaper public transport). Punctuality is often valued in a business context, especially in more traditional businesses.

Trust, security, safety and education:

Incidence of crime and violent crime is relatively low in Switzerland. Companies providing services will often send an invoice when in other cities you would be obliged to pay in advance. Expats are often astonished that Swiss families typically expect their kindergarteners aged 4 or 5 walk to their schools unaccompanied by parents. Swiss schools and universities tend to rank highly in international surveys, with a variety of public and private options available

Public transport:

Public transportation in Switzerland takes many forms, including trains, buses, trams, boats, funiculars, and even cable cars. Switzerland is an exemplary case of how public transportation should work. SBB Mobile is the official app of the Swiss Federal Railways. The app allows users to search for itineraries, book tickets, and add public transportation subscriptions and discount cards for accurate pricing.

COVID-19:

Compared to its neighbours, and after some worrying early stats, Switzerland may be considered to have had a good COVID-19. It has avoided the hard lock-downs experienced in some countries which confined people to their homes. Instinctively preferring to defer decisions to cantonal level, the Federal Government has prioritised individual autonomy more than some other European states.

What might you find frustrating?

Reserved and traditional culture:

The flip side of punctuality is arguably a somewhat rigid, reserved and traditional culture. For example, at least in German speaking parts of Switzerland, there is an expectation that noisy activities such as laundry or vacuuming the house should not take place on Sundays (such rules are often written into apartment rental contracts). While this expectation is not universal, if your rented apartment is above an older more traditional resident, then this can be a problem.

Most shops are closed on Sundays and opening hours tend to be shorter than in global cities like New York or London.

Expats living in Switzerland sometime find it hard to make Swiss friends, perhaps as a result of some Swiss people preferring to spend their time within well established circles of close friends. In a similar vein, there are suggestions that the dating scene is less vibrant in Zurich than in some international cities, although as 38% of Switzerland's 8.6 million population have a "migration background" there should be a broad range of people to get to know.

Cost of living:

Switzerland is undeniably an expensive place to live. Food in supermarkets and restaurants can be eye wateringly pricey. However, portions in traditional restaurants are often large and tips are minimal or on a "rounding up" basis. The market for groceries is dominated by Migros (which does not sell alcohol) and Coop (which does), but discounters like Aldi and Lidl offer some price competition to the incumbents

As the cost of labour is high, services from cleaning to childcare tends to be pricey compared to other large world cities. For example, a full-time nurse place for babies to 4-year-olds may cost around CHF 2'500 per month in Zurich. Cleaners can cost CHF 30 or more per hour.

One reason for Switzerland's low taxes is that health insurance is paid separately and privately. Insurance for a single person could be CHF 500 per month (although this can vary depending on the nature or quality of cover) with a family of 4 spending about CHF1'000.

Final thoughts

It is hard to think of a better place to live, love, work and raise a family. Come to Switzerland and enjoy all of the fantastic qualities that it has to offer!

Some useful links:

<https://www.oecdbetterlifeindex.org/countries/switzerland/>

<https://www.expatica.com/ch/moving/about/expat-switzerland-211525/>

<https://www.expatica.com/ch/living/integration/life-in-switzerland-476690/>

<https://swissfamilyfun.com>

ENDNOTE

1. <https://uk.practicallaw.thomsonreuters.com/Document/1d92d5a8c46d711e89bf199c0ee06c731/View/FullText.html?navigationPath=Search%2Fv1%2Fresults%2Fnavigation%2Fi0ad73aa70000017ce60b279edd05489b%3Fppcid%3Daf878c79d5054e4daa8693e2c4dd0>

[f01%26Nav%3DKNOWLEDGE_UK%26fragmentIdentifier%3DI92d5a8c46d711e89bf199c0ee06c731%26parentRank%3D0%26startIndex%3D1%26contextData%3D%2528sc.Search%2529%26transitionType%3DSearchItem&listSource=Search&listPageSource=5dca549db2690c8e8f4425ea18a7c2a5&list=KNOWHOW_UK&rank=5&sessionScopeld=b31eeb5f2d8a9d97d99b5f1bfd5720425d37bc290769b98c07ec919d004c704b&ppcid=af878c79d5054e4daa8693e2c4dd0f01&originationContext=Search%20Result&transitionType=SearchItem&contextData=\(sc.Search\)&comp=pluk#co_anchor_a915528](https://www.finma.ch/en/authorisation/fintech/) (accessed 3 Nov 2021)

2. <https://www.finma.ch/en/authorisation/fintech/> (accessed 3 Nov 2021)
3. [https://uk.practicallaw.thomsonreuters.com/Document/12ef1288c1ed511e38578f7ccc38dcbee/View/FullText.html?navigationPath=Search%2Fv1%2Fresults%2Fnavigation%2Fi0ad62aef0000017ce702ed9cf618c41c%3Fppcid%3Dff47113d466549e09df8980d67a942de%26Nav%3DKNOWLEDGE_UK%26fragmentIdentifier%3DI2ef1288c1ed511e38578f7ccc38dcbee%26parentRank%3D0%26startIndex%3D1%26contextData%3D%2528sc.Search%2529%26transitionType%3DSearchItem&listSource=Search&listPageSource=d607d757012c4c70de5888e83fddfa5e&list=KNOWHOW_UK&rank=3&sessionScopeld=20d8aa64cef40fd68128f2203edaeb83c71dc068a7a89baaa3a2b7500db0def&ppcid=ff47113d466549e09df8980d67a942de&originationContext=Search%20Result&transitionType=SearchItem&contextData=\(sc.Search\)&comp=pluk#co_anchor_a711986](https://uk.practicallaw.thomsonreuters.com/Document/12ef1288c1ed511e38578f7ccc38dcbee/View/FullText.html?navigationPath=Search%2Fv1%2Fresults%2Fnavigation%2Fi0ad62aef0000017ce702ed9cf618c41c%3Fppcid%3Dff47113d466549e09df8980d67a942de%26Nav%3DKNOWLEDGE_UK%26fragmentIdentifier%3DI2ef1288c1ed511e38578f7ccc38dcbee%26parentRank%3D0%26startIndex%3D1%26contextData%3D%2528sc.Search%2529%26transitionType%3DSearchItem&listSource=Search&listPageSource=d607d757012c4c70de5888e83fddfa5e&list=KNOWHOW_UK&rank=3&sessionScopeld=20d8aa64cef40fd68128f2203edaeb83c71dc068a7a89baaa3a2b7500db0def&ppcid=ff47113d466549e09df8980d67a942de&originationContext=Search%20Result&transitionType=SearchItem&contextData=(sc.Search)&comp=pluk#co_anchor_a711986) (accessed 3 Nov 2021)

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