

Fact Sheet

Establishing a company

The freedom of trade and industry allows everyone, including foreign nationals, to set up a business in Switzerland or to hold a financial interest in one.

An overseas individual or foreign company may choose the business form which best meets its needs. For some activities you have to apply for a permit (e.g. bank and financial services, recruitment agencies, to practice law).

The time and expenses required for establishing a business enterprise remain moderate: about 4 weeks for the establishment of a company (corporation), and around 3,000 Swiss francs for legal fees (corporation with less than 250,000 Swiss francs capital).

In the following we have made a summary of the most important steps towards investment in Berne.

■ Project description / business plan

It is not necessary to set up a business plan for establishing a company. Nevertheless: the more we know about you and your project, the better and faster we can help. Furthermore, you need a business plan to apply for financial services or tax holiday at the BEDA. That's why we have included a template for a business plan at the end of this fact sheet. It provides a practical framework for the definition of your planned business activities. And it helps us to support you, to see what really matters to you and to provide the key information needed by your company.

■ Site selection

Depending on your project, please give us your visions concerning your office or manufacturing building, so that we can make an initial search for you. We need the following information:

- Location: city center, suburbs, countryside; proximity to schools, other companies; accessibility by public and private transport, etc.
- Use: office or manufacturing
- Style of building: modern, prestigious, etc.
- Amount of space needed
- Rent or purchase

- Time frame: From what date on should the building be available? When would the company like to move? Reserve time for renovations and refurbishing.

- Any special needs (high ceilings, etc.)

Lease contracts are usually signed for a 3- to 5-year period. The rent and the length of the lease can be negotiated.

■ Legal structure of company

The legal structure of the company will have direct influence on many tax issues. That is why it is very important to examine all possibilities and to find an optimal business solution.



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■ **The single ownership, the corporation, the LLC**

	Sole proprietorship	Joint stock company corporation (AG)	Limited liability company (GmbH)
Incorporation, foundation	No special deed of incorporation; sole proprietorship is founded when it commences trading under a trading name. Entry in the companies register is compulsory if turnover is higher than 100,000 Swiss francs per year.	<ul style="list-style-type: none"> ■ Formal, notarized incorporation ■ Entry in companies register 	<ul style="list-style-type: none"> ■ Formal incorporation procedure ■ Entry in companies register
Purpose	To run a business as the sole proprietor	To run a commercial, manufacturing or other business under a trading name	To run a commercial, manufacturing or other business under a trading name
Ownership	Owner	Shareholders	Shareholders (partners)
Founders	Swiss citizens or foreigners with settlement (C) permit or B permit for EU nationals	At least 3 founding members (natural persons or corporate bodies)	At least 1 founding member (natural person or corporate body)
Company bodies	Owner	<ul style="list-style-type: none"> ■ General meeting of shareholders ■ Board of directors ■ Auditors 	<ul style="list-style-type: none"> ■ General meeting of shareholders ■ Directors ■ Auditors (optional)
Liability	Owner has unlimited liability (incl. private assets)	Company assets	Company assets
Minimum capital	Subsidiary	100,000 Swiss francs, of which at least 20% of the par value of the shares or 50,000 Swiss francs (whichever is greater) must be paid up	<ul style="list-style-type: none"> ■ 20,000 Swiss francs, the total sum must be paid up ■ Initial contribution of at least 100 Swiss francs per founder (possibility of multiple interests per founder)
Costs	<ul style="list-style-type: none"> ■ No incorporation cost ■ Possibly costs of entry in the companies register, administration costs 	<ul style="list-style-type: none"> ■ Notarized memorandum and articles of association approx. 2,500 Swiss francs ■ Auditors (trustees) approx. 3,000 to 5,000 Swiss francs ■ Stamp duty of 1% of capital over 1,000,000 Swiss francs 	<ul style="list-style-type: none"> ■ Notarized memorandum and articles of association approx. 2,500 Swiss francs ■ Optimal: auditors' cost ■ Stamp duty of 1% of capital over 1,000,000 Swiss francs
Advantages +	+ Simple	<ul style="list-style-type: none"> + High degree of Investor anonymity + No duty of disclosure + Limited liability + Easy share transfers 	<ul style="list-style-type: none"> + Low minimum capital + Only one founder needed + No restrictions on directors' nationality + Auditors optional + Limited liability
Disadvantages –	– Liability	<ul style="list-style-type: none"> – Costs – Double taxation (company profits and dividends) 	<ul style="list-style-type: none"> – Shares more difficult to transfer – Low structural flexibility



■ Establishing the company

To establish a corporation or LLC, you need a notary. The notary will assist you with all questions regarding the name of the company, the articles of association, capital, etc.

The BEDA can provide you with a list of notaries and/or lawyers specialized in your domain and speaking your language.

■ Checklist for setting up a company

1. Decide on a name and make an inquiry at the Swiss commercial register about availability of company name (www.zefix.ch).
2. Consult draft of articles of incorporation or association provided by the notary or set up your own articles of association.
3. You will need the following information for the notary when the company is founded:
 - company name
 - domicile (can be the lawyer's or notary's address)
 - nominal capital/denomination/paid-in amounts
 - founders, signatory powers
 - board of directors/functions/signatory powers
 - statutory auditors (only for joint stock company)
 - persons with signatory power
 - publication media
 - draft of articles of association or incorporation
4. Acceptance letter of statutory auditors
5. Confirmation of paid-in capital at a bank in Switzerland
6. Statutes
7. Shareholder binding agreement if applicable
8. Stamp duty on newly issued securities if capital is over 1,000,000 Swiss francs
9. Share certificates
10. Shareholder register

■ Checklist for setting up a branch office

Instead of incorporating a subsidiary in Switzerland, a foreign company may also establish a branch office. These offices have a certain organizational and financial independence from the principal company. Legally, the branch office is part of the foreign company, even if it can enter into contracts and execute and settle transactions in its own name, can sue and be sued at its place of business.

1. Independence of the branch office must be documented. At least one person with power of attorney must be domiciled in Switzerland. This person must have the power to represent the branch office.
2. The foreign company must provide evidence that it has decided to establish a Swiss branch office (copy of the minutes of the board of directors).
3. The branch office must be given a name pursuant to Swiss legislation and must be registered at the appropriate commercial registry.
4. The name must indicate: name of the principal company, place of principal company and branch office, and expressed designation of the branch office. All translations of the firm's name if desired.
5. Further information necessary for the registration: domicile, name of principal company and its activities, date of foundation of the principal company, the official publication media of the company, the board of directors of the principal company and all persons with power of attorney, plus designation of the head of the branch office.

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■ Tax issues

Depending on the project and the overall structure of the company, there will be a number of tax issues to discuss, define and negotiate with the local tax authorities. This is a priority for domicile and mixed domicile companies, principal companies, and holding companies.

For a more detailed summary on tax issues, please read our fact sheet "Taxation" and/or our brochure on headquarters and shared services available on our Web site www.berneinvest.com or by contacting the BEDA and any of its representatives.

■ Applying for work and residence permits

Switzerland has adopted a dual recruitment system in consequence of the conclusion of bilateral agreements with the EU (free movement of persons). The agreement on the free movement of persons entered into force on June 1, 2002. This means priority for the admission of gainfully employed people from the EU/EFTA, while at the same time leading to a nonrestrictive immigration policy for specialized and qualified personnel from non-EU countries.

Free movement of persons since June 1, 2007, for EU/EFTA member states (not applicable to the 10 new members). For further details, please consult our fact sheet on work and residence permits available on our Web site www.berneinvest.com or by contacting the BEDA and any of its representatives.

■ Procedures

The employer has to apply for the work permit for his employees. Depending on the location of the company's headquarters, the application has to be submitted to either the aliens police of the appropriate city within the Canton of Berne (Berne, Biel or Thun) or the cantonal immigration and labor market authorities.

Third-country nationals applications have to be approved by the federal office for migration. Please reserve about 6 to 8 weeks for these procedures.

■ Relocation

The BEDA has a special program to help your expatriates feel at home in Berne. Also, we work closely together with relocation companies who can offer introduction packages for your expatriates.

■ Recruitment of personnel

The BEDA can assist you to find qualified personnel and

- put you in contact with the cantonal employment offices
- put you in contact with local, national and international HR companies, depending on your wishes
- put you in contact with specialists for employment issues (contracts, insurances, etc.)

■ Growth and expansion

The BEDA stays at your disposal for all questions regarding the development of your company in Switzerland. We will gladly introduce you to our international business community, invite you to our annual International Business Cocktail attended by several hundred people, facilitate your integration into different networks and assist you so that your company will prosper.





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■ Business plan, template

■ A. Presentation of the mother company

Legal and administrative information

- history of the company
- present ownership, capital
- organization and legal structure, management
- other companies of the group
- staff (number of employees, qualifications)

Markets and products

- main products (brief description)
- main markets (geographical, sector), market shares
- sales organization, marketing efforts
- main competitors

Finance

- audited balance and P/L statements of the last 2–3 years
- 3-year budget or, if not available, short-term and medium-term growth expected
- bank references

■ B. Information concerning the project in the Canton of Berne

Reasons and needs

- general purpose and planned activity
- legal form of activity, capital, capital owner
- needs in:
 - leased or purchased floor space with technical specifications and/or land requirements
 - initial staff (number and qualifications)
 - other

Markets and products

- targets in the European market, sales organization
- main competitors in the European market
- product(s) presentation, advantages over competitors, technological know-how, etc.

Forecast

- 3 to 5-year budget

Capital needs

- capital investment: land, building, machines, production and installation equipment, tools, start-up cost
- 12-month treasury forecast

Financing concept

- own equity
- borrowed capital





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Important links

www.berneinvest.com BEDA's web site contains helpful documents, informative materials, testimonials from companies that are already established in Berne, newsletters, business plan templates, and more.

www.bfm.admin.ch This is the website for the Federal Office for Migration.

www.living-in-berne.ch This is an alternate website of the BEDA with emphasis on quality of life for expatriates living in Berne. It contains photo galleries, tourism tips, weather conditions, shopping and performances guides, and current affairs topics.

Contact

Your contact in Switzerland

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