

## Increase in tax rates as per 1 January 2024

### 1) What is the background?

In the vote of 25 September 2022, the Swiss people approved a VAT increase as part of the supplementary financing of the AHV (old-age and survivor's insurance).

### 2) What VAT rates will apply in Switzerland and Liechtenstein from 1.1.2024?

All statutory tax rates change as follows:

Statutory tax rates	Until 31.12.2023	Starting from 1.1.2024
Normal rate	7.7%	8.1%
Reduced rate	2.5%	2.6%
Special rate for accommodation services	3.7%	3.8%

### 3) Which VAT rates apply to supplies over more than one year?

Regarding the question of which VAT rates apply in the transition period, the date of performance of the supply matters. The date of invoice and receipt of payment in contrast are not relevant. If the supply is partially performed in the old year and partially in the new year, a split will be required in this invoice. Absent a split, the entire supply must be taxed at the new VAT rates. However, it is possible to correct invoices subsequently, and of course, two separate invoices can be issued in lieu of the split.

### 4) What applies to multi-year supplies invoiced with an old VAT rate?

If multi-year supplies have already been invoiced at the old VAT rates, the principle applies that without a clear separation of the supplies rendered in 2023, the tax on the aggregate supply is due at the higher rate. Such invoices should therefore be corrected ([Art. 27 Para 4 MWSTG \(Swiss VAT Act\)](#)).

### 5) What applies in case of prepayments and periodic supplies?

Advance payments for supplies to be rendered from 1 January 2024 may already be invoiced at the higher rate. This regularly applies to subscriptions for periodic services, for which an apportionment must be made pro rata temporis. The new tax rates will be listed in the VAT returns from the third quarter 2023 onwards.

## 6) What applies to construction supplies?

With construction supplies, the date(s) on which the work is performed on site prevail(s) (assembly, etc.). If orders in process as of 31 December 2023 are deferred with a detailed situational budget or partial payment application (interim invoice), then the supplies rendered up to this date are subject to the old tax rate.

## 7) What applies if supplies made in the old year are invoiced at the new VAT rate?

If an invoice shows a VAT rate that is too high, the tax shown is due, even if the supply took place in the old year. The principle applies according to which invoiced tax is due. This can only be deviated from if the invoice is corrected or it is shown probable cause that the Confederation has not suffered a loss of tax ([Art. 27 MWSTG](#)).

Under Swiss law, the VAT registered recipient may deduct input tax even if the supplier invoices too much VAT. In its decision 2C\_411/2014 of 15 September 2014, the Federal Supreme Court explicitly stated that, in principle, the entire input tax shown can be deducted, even if it was invoiced at an excessive amount.

## 8) Will the net tax rates also change?

The increase in the statutory rates requires a corresponding adjustment of the net tax rates as of 1.1.2024:

Net tax rates until 31.12.2023	Net tax rates starting from 1.1.2024
0.1%	0.1%
0.6%	0.6%
1.2%	1.3%
2.0%	2.1%
2.8%	3.0%
3.5%	3.7%
4.3%	4.5%
5.1%	5.3%
5.9%	6.2%
6.5%	6.8%

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