



Increase in VAT rate

At the end of September 2022, the Swiss population voted in favour of a rise in VAT. The increase in the VAT rate is planned for 1 January 2024. But which period should be taken into account to determine the VAT rate?

In the vote held on 25 September 2022, the amendment to the OASI Act and the additional financing of OASI by an increase in VAT were accepted by Swiss voters. The standard rate, currently 7.7 %, will be increased by 0.4 % to 8.1 %. The reduced rate, currently 2.5 %, and the accommodation rate, currently 3.7 %, will be increased by 0.1 % to 2.6 % and 3.8 % respectively. The increase in VAT rates is planned for 1 January 2024.

	Current	Change	New
Standard rate	7.7 %	0.4 %	8.1 %
Reduced rate	2.5 %	0.1 %	2.6 %
Accommodation rate	3.7 %	0.1 %	3.8 %

The applicable tax rate is determined neither by the date of invoicing nor by the date of payment, but by the date or period of performance of the service. It should be added that accounting on the basis of the consideration agreed upon or received is not relevant for the determination of the VAT rate.

- Services provided until 31 December 2023 should be charged at the currently valid rates (the payment and invoicing dates are not relevant)
- Services provided as of 1 January 2024 should be charged at the new VAT rates (the payment and invoicing dates are not relevant)

If services are provided in both 2023 and 2024 and are listed together on a single invoice, the services should be shown separately, indicating clear dates or periods and specifying the proportional amounts. If this is not possible, the entire invoice is subject to the new, higher tax rate.

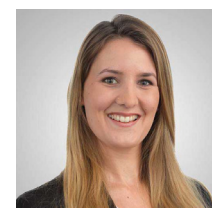
Example

Autohandel GmbH concludes a purchase agreement for a Hyundai IONIQ with its customer Karin Simmen on 27 November 2023. Due to delivery bottlenecks, the vehicle cannot be delivered until 8 January 2024. Ms Simmen picks up the vehicle from Autohandel GmbH on this date and pays for it at the same time. However, the invoice had already been issued with a VAT rate of 7.7 % at the end of November 2023 when the purchase agreement was signed.

The date of provision of services, and therefore for determining the applicable VAT rate, is the date of supply – 8 January 2024. Consequently, Autohandel GmbH has to charge the sale of the car at a VAT rate of 8.1 %. The November 2023 invoice should be corrected and a VAT rate of 8.1 % should be shown.

In case of the VAT declaration with the method received, the revenue should be included in the statement for Q1 2024 (payment on collection on 8 January 2024).

If the chosen VAT declaration method is agreed the date of invoicing may be the decisive factor. Thus, the with the method agreed the revenue should be declared in Q4 2023. With the corrected invoice in January 2024, only the difference from the old to the new VAT rate in Q1 2024 is to be shown.



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