

# Declaration of Field Work in the Salary Certificate

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The Swiss Federal Tax Authorities have changed their guidelines for filling-in salary certificates for 2016 and the years to come, and they have thereby subtly included an increase of tax.

Since 1st January 2016 the commuting deduction for employees has been limited to CHF 3'000 per year for Federal Tax. As in the past, the salary certificate for employees benefiting from a company car must include a taxable fringe benefit amount equal to 0.8% per month, calculated from the purchase price of the car.

The masked tax increase works as follows: For social security purposes and for all tax payers who are taxed at source (e.g. frontier workers), the company car benefit is calculated as a lump sum of 0.8%/month of the car's purchase price. Only for those employees that need to file an ordinary tax declaration an additional element of taxable income is added to this lump sum amount. In fact, any employee benefiting from a company car has to declare the days he/she commutes directly to the workplace. The cash value of this commuting is considered taxable income as far as the amount exceeds the CHF 3'000 deductible as commuting costs for Federal Tax purposes.

Commuting costs are limited to the price for public transport unless no public transport is available or it is not reasonable to use it. Thus, already today many employees with a company car would not be in a position to deduct any costs for commuting by car. Nevertheless, the company car will be taxed with some CHF 0.70 per kilometre of commuting distance in addition to the 9.6% lump sum benefit that is already included as salary in the salary certificate. This holds true indistinctively of whether the car is actually used for commuting or not. Only for days on which the car is used fully 'in the field', no add-back is applied. Being 'in the field' is defined as those days on which the employee drives directly from his home to the client and from the client back home (travelling salesmen, service technicians, etc.).

Therefore, the Federal Tax Authorities newly require for employees benefiting from a company car that their employer must confirm the number of working days the employee is actually 'in the field'. This is an additional administrative task and must be done for all relevant salary certificates for 2016 and the years to follow.

We raise the question whether there is a legal base for this hidden and selective increase of tax. Individuals with a company car should carefully consider what the financial impact of these new guidelines is and whether to object and bring the case in front of a court. Depending on facts and circumstances, the chances of winning a case might be fairly good.

## Ihr Team



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