

Dear customers and business partners,

We are pleased to provide you with the October 2021 edition of our newsletter, which informs you about recent changes in tax law, finance, accounting and auditing. Furthermore, it is always worthwhile visiting our homepage, where we continuously publish professional service news and provide you with additional helpful information (www.brag.ch).

Compensation interest rate for refunds and default interest 4.0 percent from 1.1.2022

The Federal Department of Finance is standardising refund and default interest rates on duties and taxes. From 1 January 2022, the standard rate for the interest on refunds and the default interest rate will be 4.0 percent. The interest rate for voluntary advance payments will remain at 0.0 per cent. (Source: *Federal Tax Administration*)

Representation expenses must be documented in detail

When inviting customers and third parties at business expenses, the costs must always have a business reason. When choosing the location, the business significance of the customers or business partners as well as local customs must be taken into account. The actual costs shall be reimbursed.

The following information must be noted on the receipt:

- Name of all persons present
- Name and location of the place
- Date of the invitation
- Business purpose of the invitation, e.g. acquisition meeting, project discussion, etc.

The private share for business vehicles will increase

On 1 January 2022, the flat-rate monthly private share for business vehicles will be increased from 0.8% to 0.9% of the vehicle purchase price (excl. VAT). This corresponds to 10.8% per year and, as before, only applies if the vehicle is mainly used for business purposes. Mainly means more than 50%.

The private share now also includes the commute to work, which means that the employer's obligation to declare the external service part on the salary statement no longer applies.

Nevertheless, the burden of taxes and social security contributions will increase for most taxpayers. Because in addition to income taxes, it will also increase the assessment basis for VAT and social insurance, for which the new higher rate also applies.

In case of law private usage and short commute to work, it is worthwhile to record the private kilometres with a logbook and to charge 70 Swiss centimes per kilometre.

Tax issues in case of death

Within two weeks of the death of a taxpayer, an official inventory is taken, usually by means of a questionnaire sent by the municipality. The inventory questionnaire and the tax return as of the date of death with all enclosures form the basis for the calculation of inheritance tax.

The inventory includes the assets of the testator, his spouse living in an unseparated marriage and the underage children under his parental care on the date of death. The competent communal tax office checks the formal correctness and completeness and records all facts that are of importance for the tax assessment. The heirs are obliged,

- to provide truthful information on all circumstances that may be of significance in determining the testator's tax factors,
- to show all books, documents and identification papers which may provide information about the estate; and
- to open all rooms and containers that were at the disposal of the testator.

The heirs form a community of heirs from the date of death, which remains in existence until the division of the inheritance. The community of heirs only becomes liable to tax itself if the beneficiaries or the shares attributable to the heirs are unclear. Normally, the heirs pay tax on the assets and income of the community of heirs on a pro rata basis.

The heirs must cooperate in the assessment. They must provide the tax authorities with truthful information in writing or orally.

All heirs are jointly and severally liable for inheritance tax to the extent of their enrichment. In particular, all heirs can be held liable for the entire tax up to the amount of their enrichment. It is therefore advisable to carry out the division of the estate only after payment of the inheritance tax or to make sufficient provisions. It is possible to make advance payments; interest is paid on advance payments to the extent of the subsequently assessed tax.

The surviving spouse fills out a separate tax return as a single person from the date of death until the end of the year.

Heirs owe unlawfully received supplementary benefits

If a person conceals assets and wrongfully receives supplementary benefits, the heirs must repay these supplementary benefits. The longer limitation periods under criminal law apply. (Source: BGE 9C/321/2020 of 2.7.2021)

Kind regards,

Your BRAG / Contrast Team