

Aktiengesellschaften („AG“) and Gesellschaften mit beschränkter Haftung („GmbH“) in Switzerland

(Corporations [AGs] and limited companies [GmbHs] in Switzerland)

Setting-up costs, non-recurring

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| Fees WIESER Wirtschaftsberatung AG | Lump sum CHF 4'500 or on a time and material basis (as a rule, clearly cheaper) |
| Notarization costs/commercial register | Approximately CHF 2'000 |

Annual Current Costs

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|------------------------------|---|
| Supervisory Board AG | Lump sum fee CHF 5'400 |
| Chief Executive Officer GmbH | Lump sum fee CHF 3'200 |
| Financial accounting | Lump sum based on revenue and number of accounting transactions or on a time and material basis (as a rule, considerably cheaper), ca. CHF 3'000 to CHF 10'000 |
| Fiscal domicile costs | Lump sum fee CHF 1'100 |
| Auditing agency | Only necessary if Balance Sheet total > CHF 20 m, turnover > CHF 40 m and full-time employees > 250 and two from three criteria exceeded in two successive years. |

Basic Data "AG"

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|----------------|--|
| Share capital | Minimum CHF 100'000 paid in full. CHF 100'000 half paid in is in principle possible, but not recommended. Capital is fully available to the company after registration in the commercial register. |
| Founder | Minimum one natural or legal person. The WIESER Wirtschaftsberatung AG can act as founder. |
| Share register | The share register remains with the supervisory board and is not a public document. Therefore, shareholders can be entered in the register of shareholders and remain anonymous to the general public without any problem. |

Basic Data "GmbH"

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|----------------|--|
| Share capital | Minimum CHF 20'000 paid in full. Capital is fully available to the company after registration in the commercial register. |
| Founder | Minimum one natural or legal person. The WIESER Wirtschaftsberatung AG can act as founder. |
| Share register | The shareholders are listed in the commercial register. The commercial register is publicly available. The share capital can also be held in trust by the WIESER Wirtschaftsberatung AG. |

Taxation

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|-------------------------------|--|
| Direct federal taxation | This is exactly the same in all cantons (profit 8.5% and capital 0.1%). |
| Canton and municipal taxation | Canton Appenzell Ausserrhoden profit 6.0% and capital 0.75%. Canton St. Gallen profit 12.0% and capital 0.1%. Canton taxation is only levied on Swiss revenues. |
| Taxation status | <p>If an AG holds mainly Holdings, it can apply for the status of Holding Company in its tax returns. The requirement is a Holding of at least 20% in a company or a Holding of at least CHF 1'000'000. The revenue from the Holding is largely exempted from tax ("Holding deduction").</p> <p>If an AG is only active outside Switzerland, it can apply for the status of a Domicile Company. In this case all cantons only charge a lump sum.</p> |

Supervisory Board AG or Chief Executive Officer GmbH

It is obligatory that the Supervisory Board of an AG or the Chief Executive Officer of a GmbH is resident in Switzerland and is entered in the commercial register with single signing authority. He is personally liable to the tax authorities and can assume and perform all duties and transactions. Individual accounts with large sums can also be signed jointly e.g. with a shareholder. The fee includes the statutory duties of this position; however, not the expense of the operative function. This will be, depending on the expense, charged at an hourly rate at the lower end of the scale recommended by the Swiss Fiduciary Association STV.

This function can be carried out by Stefan Wieser or another trusted third party in Switzerland.



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Financial Accounting

The expenses quoted on our homepage are benchmark values, which can be seen as approximately minimum and maximum. A lump sum tariff is likewise possible. These are based on revenue and number of accounting transactions.

As a rule, costs are charged on a quarterly basis. The contract may be cancelled at any time. There is no additional clarification in the lump sum tariffs, only the duties are listed.

Capital Resources

Capital can also flow to the company in the form of shareholder loans. These can bear an interest. This interest rate is determined by the taxation authorities and adjusted to the actual interest situation annually.

Domicile

If only foreign business is carried out, domicile does not play a role. In every case, the direct federal taxes are due. The difference between the lump sum amounts of the various cantons is negligible for domiciled companies.

The **Canton Appenzell Ausserrhoden** is interesting, if business is also planned in Switzerland or owing to the taxation situation abroad a domiciled status would be a disadvantage (e.g. non-recognition of internal transfer prices by foreign taxation authorities).

The **Canton St. Gallen** is average in the field of taxation in the Swiss cantons. A domicile in St. Gallen can bring a lot of significant advantages due to its reputation with foreign taxation authorities. A domicile address at Neumarkt 2, St. Leonhard-Strasse 39 9000 St. Gallen can be made available. The image of this address is excellent. If clients have to be received or if a telephone service is required, these can be organized without any problems.

New Company Foundation versus Company Acquisition

We only sell companies that we have overseen since their foundation.

Many risks cannot be excluded with the acquisition of an existing company. Audits of direct taxation, value added tax and social security are carried out as a rule on the five previous business years, and can lead to unpleasant surprises. On the basis of our experience, we strongly advise against the acquisition of an existing company.

A new foundation is only marginally more expensive than a change of registered office and a revision to the corporate purpose in the articles of association of an existing company. The extra costs involved will be more than compensated for by the Due Dilligence of an existing company not being required.

Financial Companies and Financial Intermediaries

Financial companies, which operate as financial intermediaries in the framework of the money laundering law ("GwG"), are subject to mandatory supervision by a self-regulation organization ("SRO"). Supervisory Board and employees require an appropriate education and training.

Stefan Wieser as a member of the Supervisory Board can comply with all the legal requirements. Interesting perspectives for companies with financially sound shareholders and/or clients result from the well-established co-operation with stock exchange traders and Banks. The Supervisory Board fee for corporations, which are active in the framework of the money laundering law, is CHF 10'800 per calendar year.



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Taxation/Retained Profits

With a positive development of the business capital will be accumulated over the years. This capital belongs to the company and is not yet the private property of the shareholder.

There are two main possibilities for the distribution of profits:

- 1) Payment of a dividend, which is however subject to a withholding tax deduction of 35%. This deduction can only be reclaimed by a private person resident in Switzerland or with a contracting state with a double taxation agreement in an orderly declaration in a tax return.
- 2) Payment of a salary, which is likewise subject to withholding tax. Similar tax rates as income tax in Switzerland (progressive with maximum ca. 25%). The salary can be paid into the shareholder's private account in Switzerland (with bank and credit card payments abroad).

Taxation Planning

The optimal taxation planning finds a compromise between company, shareholders and any third parties. A one-sided optimization is always at the cost of another goal. In particular, international relationships must be carefully planned for the long-term (e.g. expatriation taxes in Germany).

Salaries of foreign employees could – with the deduction of a tolerable withholding tax – also be paid into the employee's account in Switzerland. Cash can then be obtained at any automated teller machine or via Travel Cash anywhere in the world.

This document is a summary. All information corresponds to the current status of our information sources and no responsibility is taken for the correctness of this information. This could deviate due to changes and adjustments at any time.