



News from your Tax Administration | January 2021

## Tax at source

### What you need to know

This factsheet gives **employees** who are required to pay tax at source an overview of the rules on **taxation at source in the Canton of Bern**. You will find detailed information as well as documents, publications and forms relating to tax at source at [www.taxme.ch](http://www.taxme.ch).

#### What is tax at source?

In a system of tax at source (also known as pay-as-you-earn (UK) or withholding tax (USA)), the tax due is deducted by the employer directly from the employee's salary and passed on to the state (in this case the Canton of Bern Tax Administration).

#### Who pays tax at source?

- Foreign nationals working in Switzerland who do not hold a settlement permit (C permit).
- Employees working in Switzerland who live abroad, regardless of their nationality (for example international weekly residents, short-term residents, lorry drivers, cross-border commuters).
- Other persons who live abroad but who have to pay tax in Switzerland (artists, speakers, sportsmen and women, managers of legal entities, former employees with employee shares, mortgage creditors, recipients of benefits from Swiss pension schemes).

#### What is taxed?

An employee's gross income forms the basis for calculating tax at source.

#### How high is the rate of tax at source, and what tariffs are applied?

The tariff applied depends on a number of factors, such as civil status, whether you pay church tax, how many children you have, etc.:

- **Tariff A:** Single persons without children or dependants in the same household
- **Tariff B:** Single-income married couples
- **Tariff C:** Dual-income married couples
- **Tariff E:** Assessment under the simplified procedure
- **Tariff G:** Benefits paid out directly by an insurance company
- **Tariff H:** Single persons with children or dependants in the same household
- **Tariff L – Q:** Persons commuting to work in Switzerland from Germany.

#### What do I have to do if I am liable to pay tax at source?

If you have to pay tax at source, you must simply ensure that your employer has all the relevant information for deducting the tax at source (including information on your marital status, number of children, spouse's job, whether you pay church tax) and is informed immediately of any change in circumstances. If you are liable to pay tax at source but fail to provide this information, you may be fined.

#### What rights do I have?

If you have to pay tax at source, you are entitled to have the tax deducted shown on your salary slips and the annual salary certificate.

If you do not agree with the amount of tax that has been deducted as certified or if you have not received confirmation of how much it is, you can ask the Canton of Bern Tax Administration to issue a decision on the existence and extent of your tax liability by 31 March of the following year. Your employer or the person making the taxable payment is still required to continue deducting the tax at source until a legally binding decision has been issued.

If you wish to claim deductions that are not or not fully taken into account in the tariff for tax at source, and you are not subject to the mandatory retrospective ordinary assessment procedure, you can file an application for retrospective ordinary assessment by 31 March of the following year. If you leave Switzerland for good, you must submit your application by the date on which you officially cease to be resident in Switzerland. You can ask for the amount of tax deducted at source to be reassessed if:

- you think an error has been made in calculating the gross salary on which you are taxed, or
- you think the wrong tariff has been applied.

You must ask for a reassessment by 31 March of the following year.

## What is a “mandatory retrospective ordinary assessment”?

Under the law, if you are resident in Switzerland and liable to pay tax at source, a retrospective ordinary assessment will nonetheless be made if you:

- are paid a gross salary of CHF 120,000 or more as an employee in any tax year,
- have taxable assets of CHF 150,000 or more at the end of the tax year or tax period or
- receive additional income of CHF 3,000 or more in any tax year that is not subject to tax at source (such as income from self-employed work, maintenance, an orphan’s pension, widow’s pension or income from investments or real estate).

If you meet the foregoing requirements and are not automatically requested to complete a tax return, you must file an application for a retrospective ordinary assessment by 31 March of the following year. The application form is available on the website of the Canton of Bern Tax Administration [www.taxme.ch](http://www.taxme.ch).

The retrospective ordinary assessment is made until you are no longer liable to pay tax at source. Married couples, unless they are separated, are assessed jointly if one of them meets the requirements.

Any taxes already deducted at source are taken into account interest-free in calculating the final amount of tax due under the retrospective ordinary assessment procedure.

## What is a “reassessment of tax at source”?

If you are liable to pay tax at source and believe that an error has been made in calculating the gross salary that determines the amount of tax you pay, you can ask for a reassessment. You can request this reassessment irrespective of where you live, but must do so by 31 March of the following year.

You cannot claim additional deductions in the reassessment. The reassessment covers all income and benefits that are taxable in Switzerland in the relevant tax year. The reassessed gross annual income is divided by the number of months in which you were receiving income, which gives the income that determines the tax rate. The tax payable is determined by the tariff applicable for tax at source. If the tariff changes during the year in question, the tax for each month is calculated based on the tariff that applies in that month.

The tax authorities may also reassess the amount of tax you pay at source, which may mean you have to pay more or less tax. If you have paid too much tax, the excess will be refunded to you, if you have paid too little, you will receive a demand for the amount due.

## What does “quasi-resident” mean?

If you are liable to pay tax at source but live outside Switzerland, you can request a retrospective ordinary assessment by 31 March of the following year if at least 90% of your global gross income was taxed in Switzerland in the tax year in question or if your tax situation is essentially no different from that of a person resident in Switzerland (e.g. if you have virtually no income in your country of residence and are therefore unable to claim any tax deductions for personal or family circumstances there). As well as filing an application for a retrospective ordinary assessment, you must provide details of a postal address or a representative in Switzerland. If you fail to do this, your application will not be considered.

Your global income includes the gross income of your spouse, assuming you are legally married and not separated. An assessment of whether you meet the requirements for quasi-residence is made after you file your duly completed tax return.

## Please note

The deadline of 31 March of the following year is final. Any applications filed after this date will not be considered.

## When do I become eligible for ordinary assessment?

If you are resident in Switzerland, your income and assets are subject to the ordinary assessment system from the start of the tax year in which the requirements for taxation at source cease to apply. However, tax will continue to be deducted at source until the end of the month in which the requirements for taxation at source cease to apply. Any taxes already deducted at source will be taken into account in the subsequent assessment.

You become eligible for ordinary assessment:

- when you or your spouse (provided you are not separated) acquires a settlement permit (C permit) or Swiss citizenship,
- when you marry a person with Swiss citizenship or who holds a C permit,
- if you are in receipt of a full invalidity pension,
- when you reach the age of retirement, provided you no longer receive income subject to tax at source.

If you have a change of circumstances which means you are no longer eligible for ordinary assessment, you will be taxed at source again from the following month. This applies in particular if you were eligible for ordinary assessment because your spouse is a Swiss citizen or C-permit holder, but you are now divorced or de facto or legally separated, assuming that you are not now a Swiss citizen or C permit holder yourself. If you return to paying tax at source, tax will again be deducted from your salary, the rates for tax at source apply from the start of the tax year concerned, but you will remain subject to the ordinary assessment procedure as well.

## Impressum

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