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Tax Return for Private Individuals

A collection of practical examples and notes

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FOREWORD

This work serves as a learning and support tool for preparing tax returns for private individuals. It is exclusively focused on the Canton of Zurich, with certain points additionally explained for the federal level. The explanations are structured in a «question-answer» format.

The work is based on the experiences of the abrechnungen.ch team, the tax law of the Canton of Zurich, and numerous leaflets, directives, and practical notes from the cantonal tax office. Despite the utmost care in preparation, all information is provided without guarantee.

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TAX OBLIGATION

1

How do I pay taxes in Switzerland?

Swiss citizens and other persons with a C residence permit submit their tax returns at the beginning of the year for the previous year. Based on the completed tax return, they are assessed by the responsible tax office. No taxes are deducted from the monthly salary during the year, only social security contributions (AHV/ALV, BVG, etc.). However, the tax office sends out the so-called provisional tax bill, and its payment is voluntary but strongly recommended.

Foreign employees (expats) who do not have a C residence permit are taxed at source, meaning they pay withholding tax. This tax is deducted by the employer directly from the monthly salary each month and transferred quarterly to the responsible tax office.

However, there are cases where even those taxed at source must submit a tax return.

2

I am an expat (B residence permit holder) and subject to withholding tax. Do I need to submit a tax return?

If your gross income subject to withholding tax (e.g., annual gross salary) exceeds CHF 120,000 in a calendar year, you must fully complete and submit a tax return. This applies regardless of the fact that you are already paying withholding tax. The paid withholding tax will be credited against any additional income taxes due.

Even if in subsequent years your annual gross income subject to withholding tax temporarily or permanently falls below the threshold of CHF 120,000, you must continue to submit a tax return until the end of your obligation to pay withholding tax.

3 I just moved to Switzerland this year and will certainly earn less than CHF 120,000 by the end of the current calendar year. Why is the tax office still asking me to submit a tax return?

When you move to Switzerland, your tax obligation in the country only applies to part of the calendar year. To determine whether your gross income subject to withholding tax exceeds the threshold of CHF 120,000, the tax office uses an extrapolation of your corresponding gross annual income. If the extrapolated amount exceeds CHF 120,000, you must submit a tax return in the first year.

Example 1

Mr. Muster moved to Switzerland on August 1, 2024, and began working on the same date at AA GmbH in the Canton of Zurich (dependent employment). His monthly gross salary is CHF 9,000. Mr. Muster does not receive a year-end bonus in December 2024. The duration of the tax obligation is 5 months (from 01.08.2024 to 31.12.2024). Although Mr. Muster's total gross income subject to withholding tax in 2024 is only CHF 45,000 (CHF 9,000 x 5 months), his extrapolated gross annual income amounts to CHF 108,000 (CHF 45,000 / 5 months x 12 months).

Solution 1

Mr. Muster does not need to submit a tax return for 2024 since his extrapolated annual income does not exceed the CHF 120,000 threshold.

Example 2

Mr. Muster moved to Switzerland on August 1, 2024, and began working on the same date at AA GmbH in the Canton of Zurich (dependent employment). His monthly gross salary is CHF 9,000. In December 2024, Mr. Muster receives a year-end bonus of CHF 20,000. Therefore, Mr. Muster's total gross income subject to withholding tax in 2024 amounts to CHF 65,000 (CHF 9,000 x 5 months + CHF 20,000). The extrapolated annual gross income can be calculated as follows: CHF 45,000/5 months x 12 months + CHF 20,000 = CHF 108,000 + CHF 20,000 = CHF 128,000. The annual bonus of CHF 20,000 is not considered as regular income and will not be extrapolated.

Solution 2

Mr. Muster must submit a tax return for 2024.

4 I am an expat (holding a B residence permit), subject to withholding tax for the entire year (from January 1 to December 31), and my annual gross salary is lower than CHF 120,000. Could it be that I still need to submit a tax return?

If you have additional income not subject to withholding tax or own assets, you must submit a tax return. These may include, but are not limited to, the following types of income not subject to withholding tax:

1. Income from employment not subject to withholding tax
2. Income from self-employment
3. AHV pensions
4. Full IV pension due to 100% disability
5. Full pension from accident insurance due to 100% disability
6. Pensions from the 2nd pillar and pillar 3a
7. Domestic and foreign income from securities and deposits
8. Income from real estate
9. Maintenance payments received for yourself or children (alimony)
10. Income from leasing or usage of copyrights and patents
11. Income from lotteries or similar events, as well as competitions
12. Income from usufruct
13. Income from foundations
14. Capital payments from pension funds and capital settlements from AHV/ IV

A supplementary assessment will be made if your taxable income not subject to withholding tax is at least CHF 2,500. If your taxable assets exceed CHF 200,000, you will also be subject to a supplementary assessment. Taxable assets include those you owned on December 31 of the relevant calendar year. A supplementary assessment will also be made if you own one or more properties in Switzerland or owned them on December 31 of the relevant calendar year. These regulations for supplementary assessments apply even if your tax liability did not cover a full calendar year.

5 I am an expat (holding a B residence permit), subject to withholding tax for the entire year (from January 1 to December 31), my annual gross salary is lower than CHF 120, 000, and I am not subject to a supplementary assessment. Are there still ways for me to claim certain expenses and receive a refund for part of the withholding tax paid?

Yes, you do have this option. In the canton of Zurich, for example, you can apply for a reassessment of the withholding tax. You can submit this application if at least one of the following points applies to you:

1. Weekly accommodation costs (applies to weekly commuters)
2. Continuing education and/or retraining costs
3. Contributions to pillar 3a
4. Purchases into the 2nd pillar
5. Charitable donations
6. Interest on consumer credit
7. Actual commuting costs
8. Childcare costs
9. Maintenance payments/alimony
10. Support deductions
11. Disability-related costs
12. Medical expenses (exceeding 4% of gross salary)
13. International tax allocation
14. Incorrect tariff application for daily allowances

Please note that this application must be submitted in the canton of Zurich by March 31 of the following year (the application for 2024 must be submitted by March 31, 2025). The deadline is non-extendable. We would like to draw your attention once again to the fact that the regulations and the entire process may vary significantly from canton to canton.

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Section

TAXATION OF SPOUSES

1 I will be getting married next year (Canton of Zurich). My future wife and I are subject to withholding tax. What changes will occur for us from a tax perspective after the marriage?

In your case, it's the marriage of two people who are subject to withholding tax. If you and your future wife continue to be subject to withholding tax during the tax period in which you marry (the marriage period), your withholding tax rate will change for both of you.

- Until the end of the month in which you get married, the tax rate for single individuals applies.
- From the beginning of the following month, the tax rate for dual earners (dual earner rate C) applies.

Example

- Marriage on August 15, 2023;
- Until the end of August 2023, the tax rate for single individuals will be applied;
- Starting from September 2023, the rate for dual earners will be applied.

If both spouses or at least one of them was already subject to subsequent ordinary taxation before 2023, they will also be jointly subject to subsequent ordinary taxation from 2023. This means that you will need to submit a joint tax return for the year 2023.

Example

- Marriage on August 15, 2023;
- Annual gross salary of the husband in 2023: CHF 125,000;
- Annual gross salary of the wife in 2023: CHF 100,000 (previously never submitted a tax return).

Solution

- The withholding tax rate for both the husband and wife will change from September 2023 (new rate: dual earner rate C).
- For the entire tax year 2023 (Jan-Dec), the spouses will be jointly subject to subsequent ordinary taxation. This means they must submit a joint tax return for the tax year 2023 and declare their joint income and assets.

If both spouses or at least one of them was already subject to subsequent ordinary taxation before 2023, they will also be jointly subject to subsequent ordinary taxation from 2023. This means that you will need to submit a joint tax return for the year 2023.

2 I am getting married next year (Canton of Zurich). I have a C residence permit and do not pay withholding tax. My future wife has a B residence permit and is subject to withholding tax. What changes will occur for us from a tax perspective after the marriage?

You and your future wife will need to submit a joint tax return for the tax period in which you marry (the marriage period). You will be subject to ordinary taxation at the married tax rate for the entire year. Regarding withholding tax, the situation for your wife is as follows:

1. Until and including the month of marriage, she will pay withholding tax as a single person.
2. From the beginning of the month following the marriage, she will be subject to ordinary taxation and will no longer be subject to withholding tax.
3. The switch to ordinary taxation is equivalent to moving from abroad. This means your wife will declare her income from the date of relocation, i.e., from the beginning of the month following the marriage. This results in a partial-year tax liability. Consequently, the income will be annualized to determine the tax rate.

Example

- Marriage on August 15, 2023;
- Annual gross salary of the husband in 2023: CHF 125,000;
- Total gross salary of the wife in 2023 before marriage: CHF 70,000;
- Total gross salary of the wife in 2023 after marriage: CHF 50,000.

Solution

- Until and including August 31, 2023, the wife will be subject to withholding tax as a single person (she pays withholding tax monthly).
- From September 1, 2023, she will be subject to ordinary taxation.
- From September 1, she will no longer be subject to withholding tax.
- The spouses must submit a joint tax return for the year 2023.
- The husband declares the annual net salary according to the salary certificate (figure 11). The husband is fully liable for taxes for the entire year.
- The wife declares the net salary for the period from September 1, 2023 to December 31, 2023. The wife is partially liable for taxes.
- To determine the tax rate, the tax office will annualize the wife's income and the corresponding deductions.

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Section

INCOME AND ASSETS

1 Do I only have to declare the income earned in Switzerland in the Swiss tax return?

In the Swiss tax return, you must declare the income earned worldwide during the relevant calendar year. However, only the income earned in Switzerland is effectively taxed. Foreign income is used solely to determine the applicable tax rate. In other words, the Swiss income is taxed at the rate applicable to the worldwide income.

Example

- Taxable income in Switzerland in 2023: CHF 100,000;
- Foreign income in 2023: CHF 50,000;
- Income used to determine the tax rate: CHF 150,000;
- Tax rate in the Canton of Zurich (CHF 150,000): 16.61%;
- Total taxable income: CHF 100,000;
- Due taxes: CHF 100,000 x 16.61% = CHF 16,610.

If your tax liability does not cover the entire calendar year due to a mid-year move to Switzerland, you only need to declare your income from the date of relocation. Income earned before moving to Switzerland does not need to be declared.

2 How do I handle assets?

In the Swiss tax return, you must declare the worldwide assets that you owned on December 31 of the relevant tax year (calendar year). This applies regardless of whether the tax liability covers the entire year (from January 1 to December 31) or only part of the year.

Leased assets (e.g., boats, vehicles) are not considered assets and therefore do not need to be declared.

3 What value should I declare for my private vehicle?

You must declare your private vehicle at its current market value. In the Canton of Zurich, an annual depreciation of 40% of the residual value is considered.

Example

You own a car that you purchased in 2021 for CHF 35,000. For the 2023 tax return, the market value to be declared is CHF 7,560. This is calculated as follows:

1. Market value at the end of 2021: CHF 35,000 x (100%-40%) = CHF 21,000
2. Market value at the end of 2022: CHF 21,000 x (100%-40%) = CHF 12,600
3. Market value at the end of 2023: CHF 12,600 x (100%-40%) = CHF 7,560

4 I own cryptocurrencies. How should I handle them in my tax return?

You must declare your cryptocurrencies in the ordinary securities and assets register under «other assets» specifying the name of the cryptocurrency. Proof is provided by a printout of the digital wallet as of the end of the tax period.

Any exchange rate or capital gains from cryptocurrencies are tax-free (but only if the trade is private and not of a commercial nature). The practice for distinguishing private asset management from commercial securities trading is applied accordingly.

If you own cryptocurrencies that you have created through mining, you must declare the amount generated as «income from movable assets". Don't forget to include a statement of income and expenses related to this for the tax office.

The tax values of the most important cryptocurrencies (BTC, ETH, XRP, LTC, etc.) are published in the price list of the Federal Tax Administration. Link

Other cryptocurrencies must be declared at the year-end rate of the most common trading platforms for that currency.

5 I receive child allowances. Do I have to pay taxes on them?

Child allowances are considered taxable income and must be taxed accordingly. Usually, you receive child allowances directly from your employer. In this case, the allowances are already listed on your salary certificate and are included in the certified net salary. Therefore, you do not need to declare the child allowances separately.

However, if you receive the child allowances directly from the family compensation fund of your employer, the allowances are not listed on your salary certificate, and you must declare them separately under item 3.4 of the tax return (Canton of Zurich).

6 How do I declare dividends/profit distributions from qualified participations (Canton of Zurich)?

Dividends paid out by corporations (AG, GmbH) and cooperatives are taxed at half the applicable tax rate on total taxable income (partial rate procedure), provided that the taxpayer holds at least 10% of the share, base, or capital stock (qualified participation).

This regulation also applies to distributions from foreign corporations.

The partial rate procedure is applied at the cantonal and municipal tax levels in the Canton of Zurich.

The federal government also applies the partial taxation procedure (see question 8 in this section).

Example

Mr. Muster participates in the capital stock of a German GmbH and holds a total of 30% of the company's capital stock. In 2022, Mr. Muster receives a profit distribution of CHF 50,000. Regardless of the fact that it is a German company, the partial rate procedure applies to Mr. Muster's taxation of this dividend.

The received dividends/profit distributions must be declared in the securities register. The gross amount received must be declared, i.e., the amount without consideration of any taxes already deducted (e.g., withholding tax).

The letter «Q» must be entered in the column with the code, indicating that it is a qualified participation.

Example

Mr. Muster owns 50% of a joint-stock company headquartered in Switzerland. In 2023, he receives a dividend of CHF 10,000 (gross amount). The due date is April 30, 2023. As is known, the withholding tax of 35% of the gross amount must be paid to the ESTV within 30 days of the due date. By the end of May 2023, the CHF 2,500 is transferred to the ESTV. Mr. Muster thus receives CHF 7,500. He can reclaim the remaining CHF 2,500 in his private tax return for 2023. For this purpose, he must enter the full amount of CHF 10,000 as income in the column with withholding tax deduction in the securities register.

10% is considered the minimum participation quota. The determining factor is the capital share, not the voting share. The taxpayer must hold the minimum participation quota of 10% at the time of realization (for dividends – the due date).

However, whether this regulation is appropriate can be questioned. An alternative approach would be to check the fulfillment of the required minimum quota at the end of the tax period (similar to the participation deduction). As of the end of August 2024, it was not known how the Zurich tax office would handle this.

If a participation is sold and the receipt of the participation income is reserved for the seller, the date of sale, not the date of realization, is decisive. The participation quota is therefore calculated at the time of sale (Circular No. 22 of the Federal Tax Administration - ESTV).

Example

Mr. Muster's participation quota as of December 31, 2022, was 25%. The General Meeting (GM) took place on March 2, 2023. The due date of the dividend was not determined. However, a distribution was decided. Accordingly, the date of the GM is considered the due date. As of March 2, 2023, Mr. Muster's participation was only 5% since he had sold the 20% share. Consequently, the partial rate procedure does not apply to Mr. Muster. The received distribution is taxed at the full tax rate.

The determination of the participation quota for spouses is made by adding together the participations of both spouses. The same applies to the participations of children as long as their income and assets are declared by the parents or the holder of parental authority. In other words, as long as the children do not have to file their own tax return.

Example

Mr. Muster holds 4% of the capital stock of a GmbH. Mrs. Muster holds 6% of the capital stock of the same GmbH. The Muster family thus has a qualified participation of 10%, and the partial rate procedure (for cantonal and municipal taxes) applies.

When calculating the tax amount, one may encounter one of the following two scenarios:

1. The total taxable income is higher than the income from qualified participations.
2. The total taxable income is equal to or lower than the income from qualified participations.

Example 1

- Net income: CHF 110,000;
- Gross dividend (income from qualified participations before deduction of withholding tax): CHF 50,000;
- All deductions: CHF 30,000;
- Total taxable income after deductions: CHF 130,000;
- Assets: CHF 500,000;
- Civil status: Single;
- Municipality: Zurich.

Table 1. Calculation of Tax Amount (CHF)*

Tax Object	Taxable Amount	Rate-Determining Amount	Tax Rate (Base Tariff)	Simple State Tax
Net Income	80,000 (110,000-30,000)	130,000	7.108%	5,686.00
Dividend	50,000		3.554% (7.108% / 2)	1,777.00
Assets	500,000		0.0614%	307.00
Simple State Tax				**7,770.00**

*Taxable income excluding dividend (income from qualified participations) of CHF 80,000 is taxed at the rate of the total taxable income of CHF 130,000.

*The dividend (income from qualified participations) of CHF 50,000 is taxed at half the rate of the total taxable income of CHF 130,000.

Example 2

- Net income: CHF 35,000;
- Gross dividend (income from qualified participations before deduction of withholding tax): CHF 50,000;
- All deductions: CHF 35,000;
- Total taxable income after deductions: CHF 50,000;
- Assets: CHF 500,000;
- Civil status: Single;
- Municipality: Zurich.

Table 2. Calculation of Tax Amount (CHF)*

Tax Object	Taxable Amount	Rate-Determining Amount	Tax Rate (Base Tariff)	Simple State Tax
Net Income	0 (35,000-35,000)	50,000	4.174%	0
Dividend	50,000		2.087% (4.174% / 2)	1,043.00
Assets	500,000		0.0614%	307.00
Simple State Tax				**1,350.00**

* The total taxable income of CHF 35,000 is taxed at half the rate.

Example 3

- Net income: CHF 35,000;
- Gross dividend (income from qualified participations before deduction of withholding tax): CHF 50,000;
- All deductions: CHF 50,000;
- Total taxable income after deductions: CHF 35,000;
- Assets: CHF 500,000;
- Civil status: Single;
- Municipality: Zurich.

Table 3. Calculation of Tax Amount (CHF)*

Tax Object	Taxable Amount	Rate-Determining Amount	Tax Rate (Base Tariff)	Simple State Tax
Net Income	-15,000 (35,000 – 50,000) = 0	35,000	3.211%	0
Dividend	35,000 (-15,000+ 50,000)		1.605% (3.211%/2)	561.00
Assets	500,000		0.0614%	307.00
Simple State Tax				**868.00**

* Gesamtes steuerbares Einkommen von CHF 35’000 wird zum halben Satz besteuert.

7 How Do I Tax Dividends/Profit Distributions from Qualified Participations (Federal Level)?

The federal government does not apply the partial rate method. At the federal level, the partial taxation method is used to tax income from qualified participations.

The requirements for qualified participation are the same as those in the Canton of Zurich (see Question 7).

Under the partial taxation method, income from qualified participations is reduced by 40%. Therefore, only 60% of the received dividend is subject to federal taxation.

This reduction not only lowers the tax base (i.e., the amount) but also the applicable tax rate (the reduced amount is used for rate determination, not the full income).

Example 1

- Net income: CHF 110,000;
- Gross dividend (income from qualified participations before deduction of withholding tax): CHF 50,000;
- All deductions: CHF 30,000;
- Civil status: Single;
- Municipality: Zurich.

Table 1. Calculation of Tax Amount (CHF)

Tax Object	Taxable Amount	Tax Rate (Tariff: Single)
Net Income	80,000 (110,000 – 30,000)	
Dividend	50,000	
Taxable Dividend	50,000 x 60% = 30,000	
Total Taxable Income	110,000 (80,000 + 30,000)	3.340% (Rate for 110,000)
Direct Federal Tax		**3,674.80**

Example 2

- Net income: CHF 35,000;
- Gross dividend (income from qualified participations before deduction of withholding tax): CHF 50,000;
- All deductions: CHF 35,000;
- Civil status: Single;
- Municipality: Zurich.

Table 2. Calculation of Tax Amount (CHF)

Tax Object	Taxable Amount	Tax Rate (Tariff: Single)
Net Income	0 (35,000 – 35,000)	
Dividend	50,000	
Taxable Dividend	50,000 x 60% = 30,000	
Total Taxable Income	30,000 (0 + 30,000)	0.397% (Rate for 30,000)
Direct Federal Tax		**119.35**

Example 3

- Net income: CHF 35,000;
- Gross dividend (income from qualified participations before deduction of withholding tax): CHF 50,000;
- All deductions: CHF 50,000;
- Civil status: Single;
- Municipality: Zurich.

Table 3. Calculation of Tax Amount (CHF)

Tax Object	Taxable Amount	Tax Rate (Tariff: Single)
Net Income	-15,000 (35,000 – 50,000)	
Dividend	50,000	
Taxable Dividend	50,000 x 60% = 30,000	
Total Taxable Income	15,000 (-15,000+30,000)	0.025% (Rate for 15,000)
Direct Federal Tax		**3.85***

*Tax amounts under CHF 25.00 are not collected by direct federal tax.

4

Section

Deductions

1

I am an expat and moved to Switzerland with my family last year. My child now attends the cantonal school. Can I deduct the costs associated with this, such as meals, transportation tickets, school supplies, etc., from my taxable income, and if so, where?

No, these costs are considered living expenses for your child and therefore cannot be deducted. However, you can claim the child deduction.

2

My child regularly takes private tutoring and attends a sports course. Starting this autumn, they will also attend a music school. How can I claim these costs in my tax return?

The costs mentioned in your question are considered purely as living expenses. As living expenses are not deductible, this applies to these costs as well. The same rule applies to summer camps, playgroups, language schools, etc.

3

I am an expat and recently moved to Switzerland with my family. We have a young child who will soon start attending a daycare center. My wife does not work. Can we include the daycare costs in our tax return?

In principle, the costs for third-party childcare can be deducted from taxable income (third-party childcare deduction). However, in the Canton of Zurich, claiming this deduction is subject to certain conditions:

- Firstly, the parents must be responsible for the maintenance of their child and live in the same household with them.
- Secondly, both parents must simultaneously either be employed, undergoing education, or be incapable of work and at the same time unable to provide care.
- The deduction can be claimed until the child reaches the age of 14 (i.e., until the child turns 15).

Example

- Tax return 2023;
- Child's date of birth: 01.06.2008;
- From 01.01.2023 until and including 30.05.2023 – 14 years old;
- From 01.06.2023 until and including 31.12.2023 – 15 years old.

The third-party childcare deduction can be claimed both in the Canton of Zurich and at the federal level until and including 30.05.2023. This means that the costs incurred for third-party childcare can be deducted from taxable income.

Please note that you can only deduct costs that are directly related to the childcare. Pure school costs (expenses for education, meals, accommodation of the child) are not deductible.

Childcare costs incurred outside of the parents' working or educational hours (e.g., babysitting in the evening or on weekends) are also not deductible.

All conditions must be met cumulatively. If one of these does not apply to you, no third-party childcare deduction is possible.

4 What about the third-party childcare deduction for attending day schools and boarding schools?

Private day schools and boarding schools are equivalent to private and public organizations that provide childcare. However, all music, sports, crafts, and similar courses, as well as holiday and sports camps, playgroups, and craft groups, do not qualify for the deduction as they are either temporary in nature or do not focus on actual childcare. Please note that you can only deduct costs that are directly related to the childcare (e.g., lunchtime supervision or possibly before and after school). Pure school costs (expenses for education, meals, accommodation of the child) are not deductible. The key date principle and other conditions for eligibility for the third-party childcare deduction must be taken into account.

5 My parents-in-law help us a few days a week with the care of our son since both my wife and I are employed. As agreed, my parents-in-law receive compensation for this assistance. Can we deduct the amounts paid as third-party childcare in our tax return?

Yes, you can. However, keep in mind that the grandparents must not live in the same household. Furthermore, other conditions for claiming this deduction must be met (employment, education, or illness, see question 3).

You must submit a statement of these costs, including payment receipts, along with your tax return to the tax office.

Also, remember that your wife's parents must declare the total amount received as income and pay taxes on it.

6 Last year, I had to file my first tax return in Switzerland. To be on the safe side, I had it prepared by a well-established large company. Can I deduct the costs incurred?

Unfortunately, not. You cannot deduct the costs for preparing the tax return.

7 I recently found a new job and moved. Can I deduct the relocation costs from my income?

In your specific case, the relocation costs are considered living expenses because you apparently changed jobs voluntarily. As living expenses are not deductible, neither are the relocation costs.

However, in the Canton of Zurich, there is an exception where the incurred relocation costs can be equated with other deductible professional expense.

If the reason for the move is due to a situation forced by the employer (residency requirement or relocation of the employer's headquarters or operations), the incurred relocation costs can be deducted.

In this scenario, you are forced to move your residence to keep your job and, consequently, your source of income.

Note that only the actual moving costs can be deducted. Actual moving costs are those for the moving company, not for the adjustment or purchase of furniture, carpets, curtains, or electrical appliances, etc.

8 I work from home one day a week. Can I claim a home office deduction?

According to the tax office of the Canton of Zurich, you can only claim this deduction if you regularly perform a significant portion of your professional work at home and the employer cannot provide you with a suitable workplace.

Additionally, you must have a specific room at home that is mainly used for professional purposes, where you do your work, and is not used for other private purposes.

If you voluntarily work from home in agreement with your employer and a workplace is still available to you, you cannot claim the deduction for a private study.

Note that you must submit corresponding evidence to the tax office when claiming this deduction.

In the case of «smart working» (flexible workspaces), a home office deduction is generally not permitted.

9 I want to claim the home office deduction this year. How do I calculate it (Canton Zurich)?

It depends on whether you live in a house or an apartment. Furthermore, some rules must be followed:

- Rooms larger than 30 sqm are counted as two rooms.
- Kitchen, bathroom, toilet, and ancillary rooms (entryway, attic, cellar, garage, etc.) are generally counted as two rooms in single-family homes.
- Kitchen, bathroom, toilet, and ancillary rooms (entryway, attic, cellar, garage, etc.) are generally counted as one room in rented apartments and apartments in multi-family houses.

Suppose you rent a 3-room apartment. Net rent (gross rent minus additional costs) per year: CHF 24,000. One room is used exclusively for work. Full-year tax liability.

Calculation

1. CHF 24,000 x 3 (2 rooms + 1 work room) / 4 (3 rooms + 1 work room) = CHF 18,000 net rent reduced by the home office deduction. Therefore, CHF 24,000 - CHF 18,000 = CHF 6,000, which is the deductible amount for the home office.
2. CHF 24,000 - CHF 18,000 = CHF 6,000 (Amount of the home office deduction).

If the conditions for claiming the deduction are met, you can deduct CHF 6, 000 from your taxable income.

Keep in mind that tax offices tend to be strict with this deduction and carefully check whether the taxpayer is entitled to it.

10 Can I deduct the negative interest charged to me by my bank in my tax return?

Yes, you can. Negative interest charged on deposits at banks or savings institutions is allowed as a deduction under asset management costs. Why under asset management costs and not as interest on debt? Because it is not charged on debts but on assets.

5

Section

Real estate

1 What is the Eigenmietwert?

The term "Eigenmietwert" can be understood as the rent that the owner of a self-occupied single-family house or condominium (apartment) could generate if they were to rent out their property instead of using it themselves.

The Eigenmietwert is a taxable component of income, despite being considered fictitious income.

2 How is the Eigenmietwert determined for domestic and foreign properties?

For property located in Switzerland, the Eigenmietwert is estimated by the competent tax authority. The owner then receives a letter from the tax office, stating the Eigenmietwert for income declaration as well as the tax value for asset declaration. These values must be included in the tax return.

Do you own property outside of Switzerland? You must also declare the Eigenmietwert for this foreign property in your Swiss tax return. Refer to the guide of your canton of residence in Switzerland or visit the website of the (cantonal) tax office. The necessary information or calculation bases for the independent determination of all values are explained there.

3 I own a condominium in Switzerland, which I occupy myself. My maintenance costs this year significantly exceed the Eigenmietwert. Can I fully deduct the costs in my tax return, or only up to the amount of the Eigenmietwert?

In the canton of Zurich, you can fully deduct all actual maintenance and management costs from your taxable income, even if these exceed the Eigenmietwert.

4

I live in Zurich but own a property in my home country. Last year, I had high maintenance costs for my foreign property, which far exceed the rental income I earned from renting it out. Can I deduct all costs in my Swiss tax return, or are they limited to the amount of foreign rental income?

If your deductible costs for maintenance, insurance, and management exceed the foreign income (rental income) or even the foreign Eigenmietwert, a so-called excess of production costs is created. This can be regarded as a loss (costs are higher than income).

In the canton of Zurich, you can deduct any interest and production cost surpluses from foreign, privately held properties from both the rate determining and taxable income. The fact that foreign losses can be deducted not only from the rate-determining but also from the taxable (including income earned in Switzerland) income is extremely advantageous for taxpayers. The canton of Zurich thus recognizes your foreign losses.

At the federal level (direct federal tax), however, such interest and production cost surpluses on foreign properties are not deductible from taxable income. They are only considered in determining the rate determining income. Thus, these surpluses only reduce the tax rate applied to the direct federal tax.

Please note that not all cantons recognize interest and production cost surpluses as a tax-reducing negative income. In most cases, they are treated similarly to the federal government—rate-determining only.

5

I bought a house in April this year. Since it required mandatory renovation, I could only move in at the beginning of August. For which period do I have to tax the Eigenmietwert.

In principle, Eigenmietwert taxation begins at the time of transfer of ownership (change of ownership) or upon delivery of the completed property (readiness for occupancy).

Occupancy readiness is given when you can live in your property yourself or use it for other purposes, but also if the property is not inhabited by you but is available for your personal use at any time (i.e., not the use itself, but the possibility of anytime use).

In your case, it can be assumed that the property was not habitable immediately after purchase in April. Therefore, Eigenmietwert taxation begins only from the actual move-in, i.e., from the beginning of August. You only need to tax the Eigenmietwert for 5 months (Aug-Dec).

The same rule applies to any renovations of the property.

6 I have two apartments in the canton of Zurich. I live in one apartment with my family. The second apartment is vacant. Do I also have to tax the Eigenmietwert for the second apartment?

In principle, yes. The mere fact that your second apartment is vacant does not exempt you from Eigenmietwert taxation. Eigenmietwert taxation is based on the fact that you can use your second apartment at any time (personal use). The same applies to foreign properties.

7 I have two apartments in the canton of Zurich. I live in one apartment with my family. We have been renting out the second apartment since September of last year. Do I have to tax the Eigenmietwert for the period from January to August?

It depends. If you used the second apartment yourself until September, or if it was vacant but could have been used at any time, then you must tax the Eigenmietwert for the first 8 months of the previous year. From September, the usage type changes—from self-use to rental. From September, you then declare the rental income.

If you were unsuccessfully looking for a tenant until September and can credibly demonstrate your rental efforts to the tax office, it can be assumed that you did not use the second apartment yourself but intended to rent it. In this case, you do not need to tax the Eigenmietwert for the period of vacancy (from January to August).

The same applies if the property is intended for sale.

Please note, however, that the period of vacancy must be plausible, otherwise, the tax office may assume that you are trying to avoid Eigenmietwert taxation.

8 I occasionally rent out my second apartment (for a few months per year in total). Do I have to tax the Eigenmietwert for the period when the apartment is not rented out?

Yes, you do. If you occasionally rent out your second apartment for short periods, you may reduce the Eigenmietwert by the rental income received. At the same time, you must declare the rental income as income.

9 I rent out my second apartment in the canton of Zurich. What exactly do I have to declare as income?

When renting out properties, you must declare and tax your gross rental income as income.

Gross rental income refers to the rental income minus any ancillary costs. It is called «gross» because you can still deduct any maintenance costs and/or management costs after declaring this income.

Please note the following regarding ancillary costs: There is the flat-rate or actual settlement of ancillary costs.

Flat-rate settlement is the situation where the landlord charges the tenant a flat rate. All ancillary costs are covered by the flat rate. There are no subsequent settlements.

As a result, the actual ancillary costs almost never match the flat-rate ancillary costs. Actual ancillary costs can be either higher or lower.

Example 1

Actual ancillary costs are lower than flat-rate ancillary costs. The rental income is CHF 25,200, the ancillary costs charged to the tenant on a flat rate basis are CHF 4,800. The actual ancillary costs amount to CHF 3,720.

Solution 1

You must declare CHF 30,000 (CHF 25,200 + CHF 4,800) as income. The CHF 3,720 can then be deducted (before the flat-rate deduction for maintenance costs!). The positive difference between the actual and flat-rate ancillary costs constitutes hidden income, so you must declare the entire amount, including the flat-rate ancillary costs.

Example 2

Actual ancillary costs are higher than flat-rate ancillary costs. The rental income is CHF 25,200, the ancillary costs charged to the tenant on a flat-rate basis are CHF 4,800. The actual ancillary costs amount to CHF 7,231.

Solution 2

You must declare CHF 30,000 (CHF 25,200 + CHF 4,800) as income. The CHF 7,231 can then be deducted (before the flat-rate deduction for maintenance costs!).

If you charge the tenant an advance payment and then settle the ancillary costs, proceed as shown in the following example:

Example 3

- Rental income CHF 25,200.
- The ancillary costs are additionally charged with an advance payment and later settled with the tenant.

Solution 3

You must declare the net rent of CHF 25,200 as income. The ancillary costs in this settlement model do not constitute income.

10 I rent out my second apartment in the canton of Zurich. In question 9 of this section, I was informed about the income I need to declare for tax purposes. My further question is: How do I correctly calculate the flat-rate deduction if I can claim it?

Let's use the same scenarios as in question 9. The flat-rate deduction in the canton of Zurich is 20% of the gross rental income. The same percentage applies at the federal level.

Example 1

Actual utility costs are lower than the flat-rate utility costs charged. The rental income amounts to CHF 25,200, and the utility costs charged to the tenant on a flat-rate basis amount to CHF 4,800. The actual utility costs are CHF 3,720.

Solution 1

Rental income (net rent) including flat-rate utility costs	CHF 30,000 (CHF 25,200 + CHF 4,800)
-actual utility costs	-CHF 3,720
=Gross rental income including positive difference (hidden income)	CHF 26,280
-Flat-rate deduction (from net rent)	-CHF 5,040 (CHF 25,200 x 20%)*
=Taxable income	**CHF 21,240**

*The positive difference between the flat-rate utility costs charged and the actual utility costs, which results in additional hidden income for the landlord, is not considered in the calculation of the flat-rate deduction. The flat-rate deduction is determined solely based on the gross rental income.

Example 2

Actual utility costs are higher than the flat-rate utility costs charged. The rental income amounts to CHF 25,200, and the utility costs charged to the tenant on a flat-rate basis amount to CHF 4,800. The actual utility costs are CHF 7,231.

Solution 2

Rental income (net rent) including flat-rate utility costs	CHF 30,000 (CHF 25,200 + CHF 4,800)
-actual utility costs	-CHF 7,231
=Gross rental income including positive difference (hidden income)	CHF 22,769
-Flat-rate deduction (from net rent)	-CHF 5,040 (CHF 25,200 x 20%)*
=Taxable income	**CHF 17,729**

*The negative difference between the flat-rate utility costs charged and the actual utility costs, which results in an additional loss for the landlord, is not considered in the calculation of the flat-rate deduction. The flat-rate deduction is determined solely based on the gross rental income.

Example 3

Rental income of CHF 25,200. The utility costs are collected separately as an advance payment and later settled with the tenant.

Solution 3

Rental income	CHF 25,200
=Gross rental income	CHF 25,200
-Flat-rate deduction (from net rent)	-CHF 5,040 (CHF 25,200 x 20%)
=Taxable income	**CHF 20,160**

11 I rent out my second home in the Canton of Zurich. This year, the apartment was vacant for 2 months as I couldn't find a suitable tenant. How do I now correctly declare the flat-rate deduction?

In your case, there is a vacancy or rental income loss. Since you can prove your efforts to find a tenant, you do not need to pay tax on the imputed rental value for the two months of vacancy.

In the case of vacancy/rental income loss, the flat-rate deduction according to the Zurich tax authority is not calculated based on the actual annual rent (from the effective rental income) but rather based on the expected annual rent.

Example 1

- Rental duration: 10 months;
- Net rent per month: CHF 2,500;
- Utility costs: CHF 7,000;
- Utility costs are settled on an actual cost basis.

Important Note: The listed utility costs of CHF 7,000 also include two months during which the apartment was not rented. In the case of temporary vacancy and if there is no self-use, the maintenance and management costs for two months of vacancy (if no income was generated) can also be deducted. Therefore, CHF 7,000 represents the actual utility costs for the entire year (all 12 months).

Solution 1

Expected annual rent (expected net rent) including utility costs	CHF 2,500 x 12 Month + CHF 7,000 = CHF 37,000
Vacancy/rental income loss	CHF 2,500 x 2 Month= CHF 5,000
Actual annual rent (actual net rent) including utility costs	CHF 37,000 - CHF 5,000 = CHF 32,000
Utility costs	CHF 32,000 - CHF 7,000 = CHF 25,000
Property income	CHF 21,240
Flat-rate deduction for property maintenance	(CHF 37,000 - CHF 7,000) x 20% = CHF 6,000
Taxable rental income	**CHF 25,000 - CHF 6,000 = CHF 19,000**

Example 2

- Rental duration: 10 months;
- Net rent per month: CHF 2,500;
- Flat-rate utility costs: CHF 7,000;
- Actual utility costs: CHF 6,000.

Solution 2

Expected annual rent (expected net rent) including utility costs	CHF 2,500 x 12 Month + CHF 7,000 = CHF 37,000
Vacancy/rental income loss	CHF 2,500 x 2 Month= CHF 5,000
Actual annual rent (actual net rent) including utility costs	CHF 37,000 - CHF 5,000 = CHF 32,000
Utility costs	CHF 6,000
Property income	CHF 32,000 - CHF 6,000 = CHF 26,000
Flat-rate deduction for property maintenance	(CHF 37,000 - CHF 7,000) x 20% = CHF 6,000
Taxable rental income	**CHF 26,000 - CHF 6,000 = CHF 20,000**

Example 3

- Rental duration: 10 months;
- Net rent per month: CHF 2,500;
- Flat-rate utility costs: CHF 7,000.
- Actual utility costs: CHF 8,000.

Solution 3

Expected annual rent (expected net rent) including utility costs	CHF 2,500 x 12 Month + CHF 7,000 = CHF 37,000
Vacancy/rental income loss	CHF 2,500 x 2 Month= CHF 5,000
Actual annual rent (actual net rent) including utility costs	CHF 37,000 - CHF 5,000 = CHF 32,000
Utility costs	CHF 8,000
Property income	CHF 32,000 - CHF 8,000 = CHF 24,000
Flat-rate deduction for property maintenance	(CHF 37,000 - CHF 7,000) x 20% = CHF 6,000
Taxable rental income	**CHF 24,000 - CHF 6,000 = CHF 18,000**

6

Section

COMPANY VEHICLE

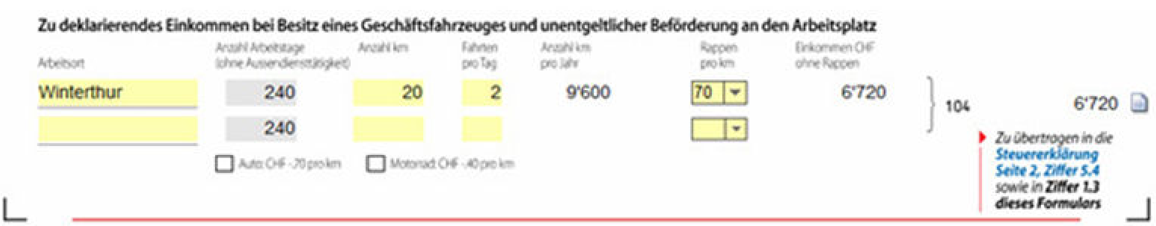
1 My employer provides me with a company vehicle. According to the agreement, I am only allowed to use it for commuting to work and do not have to pay any compensation to my employer. I also do not engage in fieldwork. Does this have an impact on my taxes and tax return?

Yes, this affects your tax situation since you are being transported free of charge by your employer (use of the company vehicle for commuting). The «F» field on your salary certificate should be checked. However, since you only use the company vehicle for commuting, there will be no private share allocation for you.

You must declare the free transport in your tax return and pay tax on it as income. You must calculate the amount yourself.

In the canton of Zurich, you should proceed as follows:

1. Form «Professional Expenses»: At the very bottom, enter the place of work, the number of working days without fieldwork, the number of kilometers driven per trip, the number of trips per day, and the amount of compensation (70 cents per kilometer driven by car). See the following screenshot.



Zu deklarierendes Einkommen bei Besitz eines Geschäftsfahrzeuges und unentgeltlicher Beförderung an den Arbeitsplatz

Arbeitsort	Anzahl Arbeitstage (ohne Aussendiensttätigkeit)	Anzahl km	Fahrten pro Tag	Anzahl km pro Jahr	Rappen pro km	Einkommen CHF ohne Rappen		
Winterthur	240	20	2	9'600	70	6'720	104	6'720
	240							

☐ Auto CHF -.70 pro km ☐ Motorrad CHF -.40 pro km

Zu übertragen in die **Steuererklärung Seite 2, Ziffer 5.4** sowie in **Ziffer 1.3 dieses Formulars**

The 240 working days apply if the company vehicle was available to you for the entire year (from January 1 to December 31). If it was available to you for only part of the year, this must be taken into account, and the additional taxable income should be reduced accordingly.

2. The calculated amount is considered as other income and will automatically appear in the tax return software under Form «Tax Return» in section 5.4 «Other Income, Detailed Description».

5.	**Übrige Einkünfte und Gewinne**		
5.1	Unterhaltsbeiträge vom geschiedenen / getrennten Ehegatten / Partn.	160	
5.2	Unterhaltsbeiträge für minderjährige Kinder (bis zum Monat der Volljährigkeit)	161	
5.3	Ertrag aus unverteilten Erbschaften, Geschäfts-, Korporationsanteilen *Aufstellung*	162	
5.4	Weitere Einkünfte, nähere Bezeichnung: Siehe Aufstellung	163	6'720
5.5	Kapitalabfindungen: wiederkehrende Leistungen für 1641 Monate	164	

3. At the same time, the amount of CHF 6,720 automatically appears in the «Professional Expenses» form as a travel expense deduction.

			Staatssteuer CHF ohne Rappen		Bundessteuer CHF ohne Rappen
1.	**Fahrkosten zwischen Wohn- und Arbeitsstätte** (bzw. bei auswärtigem Wochenaufenthalt)				
1.1	Abonnementkosten für öffentliche Verkehrsmittel	201		201	
1.2	Fahrrad, Kleinmotorrad (gelbes Kontrollschild) pauschal CHF 700	202		202	
1.3	Auto, Motorrad (weisses Kontrollschild) *in der Regel begrenzt auf 240 Tage*				

Ehemann / Einzelperson / P1 ☐ Auto: CHF -.70 pro km ☐ Motorrad: CHF -.40 pro km ☐ geleastes Fahrzeug

Arbeitsort	Anzahl Arbeitstage	Anzahl km	Fahrten pro Tag	Anzahl km pro Jahr	Rappen pro km	Abzug CHF ohne Rappen
Winterthur	240	20	2	9'600	70	6'720
	240					

			Staatssteuer		Bundessteuer
		204	6'720	204	6'720
	Zwischentotal	205	5'000	205	3'000
			max. CHF 5'000		max. CHF 3'000
2.	**Mehrkosten der Verpflegung**				

Due to the limitation on the maximum deductible travel expenses both at the federal level and in the canton of Zurich, the entire amount cannot always be deducted. In this specific example, the additional taxable income from the free transport amounts to CHF 6,720. At the federal level, only CHF 3,000 can be deducted. The difference of CHF 3,720 (CHF 6,720 - CHF 3,000) must be taxed as additional income. At the cantonal level, the difference is smaller: CHF 6,720 - CHF 5,000 = CHF 1,720. This must also be taxed as income at the cantonal and municipal levels.

2 My employer provides me with a company vehicle. According to the agreement, I am only allowed to use it for commuting to work and do not have to pay any compensation to my employer. I work 50% in field service (as certified on my salary certificate). Does this have any impact on my taxes and tax return?

In principle, you proceed exactly as described in question 1 of this section (see above). The only difference is that you worked 50% in field service. Proceed as follows:

1. Form «Professional Expenses»: At the very bottom, enter the place of work, the number of working days without field service, the number of kilometers driven per trip, the number of trips per day, and the amount of compensation (70 cents per kilometer driven by car). See the following screenshot.

Zu deklarierendes Einkommen bei Besitz eines Geschäftsfahrzeuges und unentgeltlicher Beförderung an den Arbeitsplatz

Arbeitsort	Anzahl Arbeitstage (ohne Aussendiensttätigkeit)	Anzahl km	Fahrten pro Tag	Anzahl km pro Jahr	Rappen pro km	Einkommen CHF ohne Rappen		
Winterthur	120	20	2	4'800	70	3'360	104	3'360
	240							

☐ Auto CHF -.70 pro km ☐ Motorrad CHF -.40 pro km

Zu übertragen in die **Steuererklärung Seite 2, Ziffer 5.4** sowie in **Ziffer 1.3** dieses Formulars

In the canton of Zurich, a total of 240 working days per year is assumed. Since you worked 50% in field service and must enter the number of days without field service on the form, enter 120 days. The additional taxable income amounts to CHF 3,360.

2. The calculated amount is considered as other income and will automatically appear in the tax return software under Form «Tax Return» in section 5.4 «Other Income, Detailed Description».

5.	**Übrige Einkünfte und Gewinne**		
5.1	Unterhaltsbeiträge vom geschiedenen / getrennten Ehegatten / Partn.	160	
5.2	Unterhaltsbeiträge für minderjährige Kinder (bis zum Monat der Volljährigkeit)	161	
5.3	Ertrag aus unverteilten Erbschaften, Geschäfts-, Korporationsanteilen *Aufstellung*	162	
5.4	Weitere Einkünfte, nähere Bezeichnung: Siehe Aufstellung	163	3'360
5.5	Kapitalabfindungen: wiederkehrende Leistungen für 1641 Monate	164	

3. At the same time, the amount of CHF 3,360 automatically appears in the «Professional Expenses» form as a travel expense deduction.

			Staatssteuer CHF ohne Rappen		*Bundessteuer* CHF ohne Rappen
1.	**Fahrkosten zwischen Wohn- und Arbeitsstätte** (bzw. bei auswärtigem Wochenaufenthalt)				
1.1	Abonnementkosten für öffentliche Verkehrsmittel	201		201	
1.2	Fahrrad, Kleinmotorrad (gelbes Kontrollschild) pauschal CHF 700	202		202	
1.3	Auto, Motorrad (weisses Kontrollschild) *in der Regel begrenzt auf 240 Tage*				

Ehemann / Einzelperson / P1 ☐ Auto CHF -.70 pro km ☐ Motorrad CHF -.40 pro km ☐ geleastes Fahrzeug

Arbeitsort	Anzahl Arbeitstage	Anzahl km	Fahrten pro Tag	Anzahl km pro Jahr	Rappen pro km	Abzug CHF ohne Rappen		Staatssteuer		Bundessteuer
Winterthur	120	20	2	4'800	70	3'360	204	3'360	204	3'360
	240									
Zwischentotal							205	3'360	205	3'000
								max. CHF 5'000		max. CHF 3'000

2. **Mehrkosten der Verpflegung**

At the federal level, you only need to tax the CHF 360 (CHF 3,360 - CHF 3,000). At the cantonal and municipal levels, no additional income needs to be taxed.