The branch

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A foreign company that wishes to have an office in Switzerland without a subsidiary registers a branch (Zweigniederlassung) in the commercial register of the canton where the branch is located.[1] The branch has no legal personality, so the foreign company is liable for its obligations. The branch must have a representative resident in Switzerland.[2] For tax purposes the branch is a permanent establishment and pays Swiss profit tax on the profit attributable to it, with no withholding tax on the repatriation of that profit because there is no dividend.[3]

A Singapore company that uses a Swiss branch obtains a Swiss address and a Swiss permanent establishment, but it does not obtain a Swiss legal person that can be licensed or that can join an SRO. FINMA licences and SRO affiliation attach to a Swiss company or to a Swiss branch of a foreign financial institution that is itself supervised at home. The latter route is available to banks and securities firms but closed to the ordinary operating company.[4] The branch is therefore the right vehicle for a representative office, a research team or a sales presence. It is the wrong vehicle for anything that touches customers' assets.

Notes

1. CO, SR 220, Art. 931 para. 2 and Art. 952; Commercial Register Ordinance, SR 221.411, Arts 109 to 112.
2. CO, SR 220, Art. 935 para. 2 (a person resident in Switzerland authorised to represent the branch).
3. DFTA, SR 642.11, Art. 51 para. 1 lit. b and Art. 52 para. 2; Withholding Tax Act of 13 October 1965 (WHTA; VStG), SR 642.21, Art. 4 para. 1 lit. b (withholding tax on dividends of Swiss companies only).
4. Financial Institutions Act of 15 June 2018 (FinIA; FINIG), SR 954.1, Arts 52 to 58 (branches of foreign financial institutions require FINMA authorisation and consolidated home supervision); Anti-Money Laundering Act of 10 October 1997 (AMLA; GwG), SR 955.0, Art. 2 para. 1 (application to financial intermediaries carrying on business in Switzerland).

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