



Kanton Zürich
Finanzdirektion



Information leaflet for employees who are liable for withholding tax in the Canton of Zurich Valid from 1.1.2015

Kantonales Steueramt
Dienstabteilung Quellensteuer
7. November 2014

1. What is withholding tax?

Withholding tax deducted from source is a tax that the employer deducts directly from the salary and passes to the state.

2. Which persons are subject to withholding tax?

Withholding tax is imposed upon persons who:

- are resident in the Canton of Zurich and have neither a permanent residency permit C, nor are married to a person with a permanent residency permit C or Swiss citizenship.
- are resident abroad and are gainfully employed Switzerland or in the Canton of Zurich respectively as international commuters or weekly commuters (irrespective of their nationality);
- are resident abroad and are employed on an international basis for a company with registered domicile in Switzerland or in the canton respectively.

3. Which benefits are subject to withholding tax?

Gross earnings from dependent gainful employment (employment salary incl. commission, allowances, seniority and anniversary gifts, gratuities, tips, profit-earning shares, monetary benefits from employee participations etc.) as well as substitute earnings for temporarily restricted or interrupted gainful employment activities (e.g. per diem payments made by the unemployment insurance scheme, health insurance, disability insurance, accident insurance as well as disability pensions paid by the disability insurance or accident insurance schemes) are subject to withholding tax.

4. What tariffs exist?

The following tariffs are applicable:

- Tariff A (with or without church tax) for single persons (unmarried, separated, divorced, widowed);
- Tariff B (with or without church tax) for married individuals who are the sole breadwinner;
- Tariff C (with or without church tax) for double-income spouses;
- Tariff D (10%) for part-time earnings of persons with a full-time position of employment;
- Tariff D (10%) for substitute earnings paid out by the insurer in addition to the ordinary salary or not in accordance with the insured earnings;
- Tariff E (5%) for compensation paid out using the simplified settlement to combat illicit employment (from 01 January 2008);
- Tariff H (with or without church tax) for single persons (unmarried, separated, divorced, widowed), who cohabit with children and have principal responsibility for their support (so-called semi-families or single parents);
- Tariff L (4.5%) for German international commuters who fulfil the criteria pursuant to Tariff A;



- Tariff M (4.5%) for German international commuters who fulfil the criteria pursuant to Tariff B;
- Tariff N (4.5%) for German international commuters who fulfil the criteria pursuant to Tariff C;
- Tariff O (4.5%) for German international commuters who fulfil the criteria pursuant to Tariff D;
- Tariff P (4.5%) for German international commuters who fulfil the criteria pursuant to Tariff H.

The tariffs B, C, M and N are also applicable to registered partnerships.

The relevant tariff will be reported to the party who is liable for the taxable benefit (the employer) in a tariff report issued by the responsible municipal tax office. If the municipal tax office has not yet reported a tariff by the time of the first salary payment, then the employer or the insurer shall determine the applicable tariff on the basis of the audited information provided by the employee as well as the applicable tariff rates applicable to the approval of child deductions (see the following Fig. 7).

If the employee fails to provide reliable information about his personal circumstances, then the employer or the insurer shall be required to apply the following tariffs:

- in the case of unmarried employees as well as employees with unspecified marital status, the tariff A0Y (Y = with church tax);
- in the case of married employees, the tariff C0Y (Y = with church tax).

5. Who determines the applicable withholding tax tariff?

The municipality in which the person who is liable for withholding tax is domiciled or resident is responsible for determining the tariff. In the case of persons who are liable for withholding tax who are not domiciled or resident in Switzerland, as a rule the municipality in which the employer is domiciled or has its permanent establishment will exercise this responsibility.

If the person who is liable for withholding tax does not agree with the ascertained withholding tax rate, then he may before the end of March of the calendar year following that on which the tax falls due demand that the responsible municipal tax office conducts a review.

6. Who is required to pay church taxes?

Employees are obliged – irrespective of their place of residence – to pay church tax in accordance with their denomination. The obligation to pay church tax within the context of the withholding tax procedure is established in the case of the Roman Catholic, Christian Catholic or Evangelical Reformed denominations. The church tax obligation is indicated in the tariff designations as follows:

- Y: with church tax obligation
- N: without church tax obligation



7. How are child-related costs taken into account?

Pursuant to the Tax Act, a child deduction may be granted, subject to the following conditions:

- in the case of minors who are under the parental custody of the person who is liable for the tax;
- in the case of children who have reached the age of majority and are undergoing their first vocational education or training, and for whose support the person who is liable for the tax is primarily responsible.

Within the context of the withholding tax system, the employer is firstly responsible for granting the child deduction (see margin note 32 of the Directive concerning the Implementation of Withholding Tax for Employees of 27 June 2013, Zurich Tax Code (“ZStB”) No. 28/052), valid from 1 January 2014. The employer must grant the child deductions as follows:

- in the case of the tariffs B and H: pursuant to the paid-out family allowances;
- in the case of the double-income tariff C: in the case of minors in accordance with birth certificates, and in the case of children who have reached the age of majority undergoing their first vocational education or training, in accordance with the training confirmation.

It is not possible to exclude the possibility that the application of this directive may lead to incorrect results in certain individual cases. For this reason, the employer as well as the employee who is liable for withholding tax reserve the right, by the end of March of the following year, to demand that the responsible municipal tax office conducts a review of the tariff allocation (§ 24 QVO I).

8. Taking alimony payments into account when deducting withholding tax

If a person who is liable for withholding tax is also obliged to pay alimony and/or child support, this may lead to cases of economic hardship. In the event of such hardship cases, the person who is liable for withholding tax may reserve the right to ask the responsible municipal tax office to conduct a tariff review. He must request that reasonable account be taken of alimony payments by granting corresponding “child deductions”. By the end of March of the following year, the person who is liable for withholding tax may, by petitioning a reassessment, cause effective account to be taken of the alimony payments (see the following Fig. 9).

9. When can withholding taxes be reclaimed or corrected?

If the employer has made an error when determining the relevant gross salary or the applicable tariff, and if this has had a negative effect on the person who is liable for the withholding tax, then a corresponding rebate may be petitioned in respect of the previous 5 years.

An application for a new assessment may be submitted in each case by the end of March of the respective following year, taking account of the following deductible outgoings:



- debt interest
- costs associated with illness or accident
- costs attributable to disability
- support contributions, alimony payments
- contributions in recognised forms to dedicated self-provisioning (so-called “Pillar 3a”)
- purchases of absent contribution years in the pension fund (so-called “Pillar 2”)
- effective occupational costs (travel expenses, further training costs and the cost of international weekly commuting)
- childcare costs
- support deduction
- charitable grants, donations

The corresponding application may be submitted using the official formula in paper form or in electronic form via the withholding tax web portal. The formula as well as the approval generated by the web portal must be forwarded, together with the relevant records, to the Kantonales Steueramt, Dienstabteilung Quellensteuer, Bändliweg 21, Postfach, 8090 Zürich, at the latest by the end of March of the following year. This deadline means that withholding tax reassessment applications submitted after this date cannot be considered.

Further information about the withholding tax web portal is available under the following link:

- www.steuern.ch (Rubrik Spezialsteuern / Quellensteuer [“Special Taxes Section / Withholding Tax”])

If you have any questions about the withholding tax web portal, please contact us using the following contact details:

- Telefon.: +41 (0)43 259 61 81
- E-mail: daqu.ssl@ksta.zh.ch

10. What reporting obligations must be fulfilled by persons who are liable for withholding tax?

In order to ensure that the withholding tax can be assessed correctly, the person who is liable for withholding tax must report the following events to the employer or to the cantonal tax office respectively without delay (a corresponding change form is available on the homepage, or can be generated by the withholding tax web portal):

- receipt of permanent residency permit C
- receipt of permanent residency permit C by spouse
- change in marital status (marriage, separation or divorce)
- commencement or abandonment of gainful employment by spouse
- receipt of substitute earnings (unemployment benefits, pensions, alimony etc.) by spouse
- discontinuation of gainful employment or substitute earnings of spouse
- change of residential address
- change of religious denomination



11. Where can I demand a ruling on the existence and scope of the tax liability?

In the event of questions or discrepancies, the person who is liable for withholding tax may contact the employer, who is required to issue information and to perform any possible corrections directly. If the person who is liable for withholding tax disputes the tax deduction, he may demand a ruling on the existence and scope of the tax liability by the end of May of the following calendar year from the Cantonal Tax Office (Kantonales Steueramt, Dienstabteilung Quellensteuer, Bändliweg 21, Postfach, 8090 Zürich)

12. What does the retrospective assessment of withholding tax mean?

If the gross earnings of a person who is liable for withholding tax, in annualised terms, exceed the sum of CHF 120,000.00, a retrospective ordinary assessment of the entire income and assets of the spouses shall be conducted. In subsequent years, a retrospective ordinary assessment shall be conducted until the liability to pay withholding tax ends, even if the relevant income limit of CHF 120,000.00 is temporarily or lastingly undercut. Only persons liable for withholding tax who are resident in Switzerland or in the Canton of Zurich respectively are entitled to a retrospective ordinary assessment. Tax that has been deducted at source shall be taken into account interest-free; excessively deducted tax shall be reimbursed.

13. What does a supplementary withholding tax assessment mean?

Persons liable for withholding tax who are domiciled in Switzerland or in the Canton of Zurich respectively for tax purposes shall be assessed in respect of their income that is not subject to withholding tax (e.g. earnings from self-employed part-time working, pensions, earnings from moveable assets and real estate in Switzerland and abroad, support contributions etc.), as well as for their assets within the context of the ordinary procedure. In this supplementary ordinary assessment procedure, the income that is subject to withholding tax shall be taken into account when determining the applicable rate. If necessary, the person who is liable for withholding tax must submit a tax return to the municipal tax office of his place of residence. If withholding tax that has been imposed upon securities earnings is to be reimbursed, a schedule of securities must in every case be submitted to the municipal tax office of the person who is subject to withholding tax.

14. Where can I obtain further information?

Further information is available from the tax office of the municipality in which you are resident or the Zurich Cantonal Tax Office (Kantonales Steueramt, Dienstabteilung Quellensteuer, Bändliweg 21, Postfach, 8090 Zürich)

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