

Foreign Direct Investment (FDI) of China based companies in Switzerland

How can China based companies benefit from the Swiss-Chinese investments?



Content

01	About us	3
02	About Switzerland	4
03	Top industries in Switzerland	5
04	Doing business in Switzerland	
	4.1 The tax environment	6
	4.2 Our offerings	7
05	EY as your partner	8
06	EY's integrated approach	9



EY Switzerland China Business Desk

Connecting East and West

Assisting China based companies to establish and deepen relationships between Swiss and Chinese counterparts.

In this presentation, we covered different services that the EY Switzerland China Business Desk can provide and further explain how we can play a central role in facilitating business between China and Switzerland. We assist you step by step in your journey to Switzerland and accompany you through the different challenges that may occur along the way.

A key element for us is to help you establish yourself in Switzerland and to further deepen the ties between Switzerland and China. We believe that the two countries share a lot of aspects and that bringing together their ideas and cultures is in both sides mutual interest and benefit.

Our interdisciplinary team of experts is ready to address any questions you may have. Our holistic approach will allow you to fully exploit new markets, tax benefits, investment opportunities and equip you with the necessary services in assurance, tax, legal advice or business consulting.

Your EY Team

About Switzerland

Advantageous position in Europe and multilingualism



INNOVATION RANKING (2022)

1st

in the Global Innovation Index by WIPO

WORLD TALENT RANKING (2022)

1st

in the development, attraction and retention of talent by IMD

COMPETITIVENESS (2022)

2nd

in the World Competitiveness Ranking by IMD

GDP PER CAPITA (2020)

2nd

highest on a global scale that amounted to USD 86,850

R&D SPENDING OF CHF

22.5

Bn that accounts for 3% of Swiss GDP (approx. CHF 732 Bn in 2021)

FROM SWISS EXPORTS

52%

were chemicals and pharmaceutical products

SWITZERLAND RANKS

4th

as one of the EU's vital service market with FDI at CHF 1,088 bn (2021)

ATTRACTING MORE THAN

850

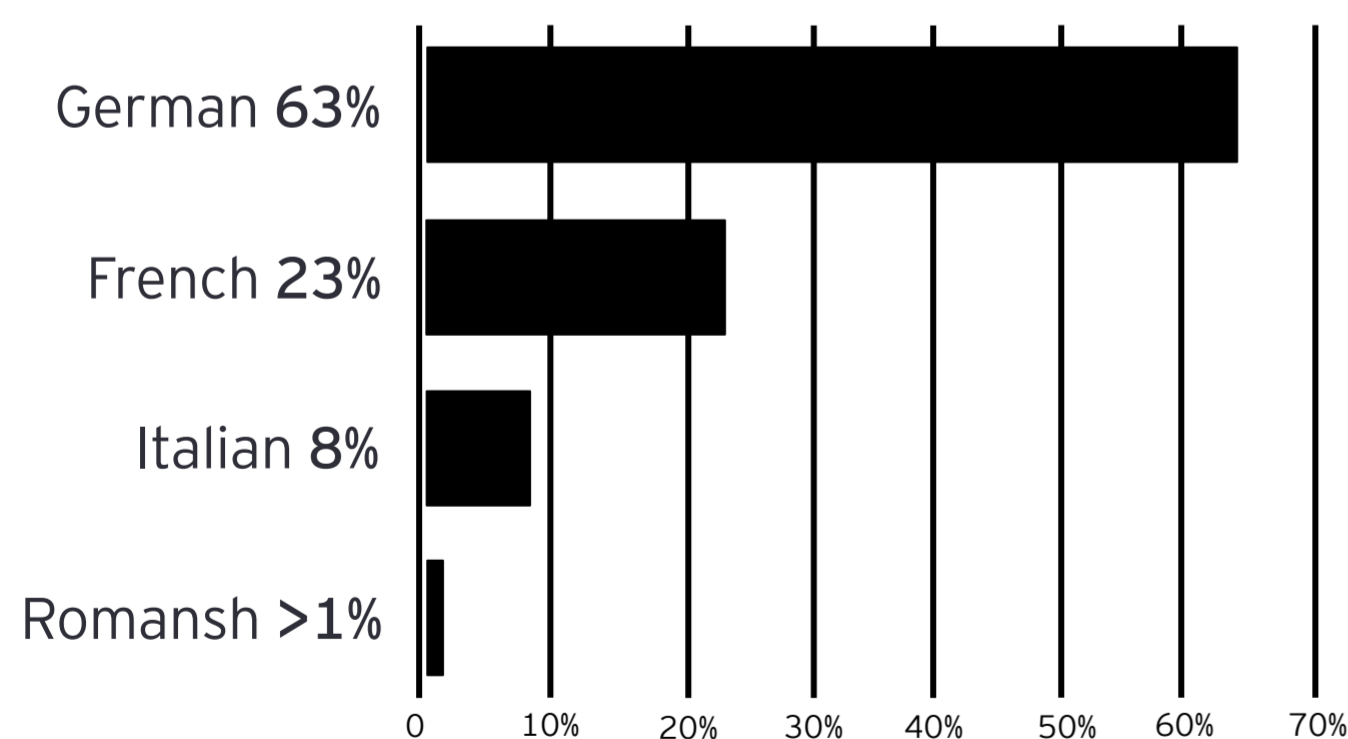
companies here with headquarters or other functions here

ACCESS TO A MARKET SIZE OF

500

Mn consumers thanks to agreements concluded with the EU

Switzerland's unique multilingualism



2 hours

To all other major European cities

Swiss Industries

Key economic facts as of 2021

The financial sector

Total value added by the financial sector (in CHF bn)



■ Banking sector ■ Insurance sector

9% of Swiss GDP contributed by the Swiss financial sector that had a total value added of CHF 66.9 bn



211,605 employees, representing 5.2% of Swiss overall employment

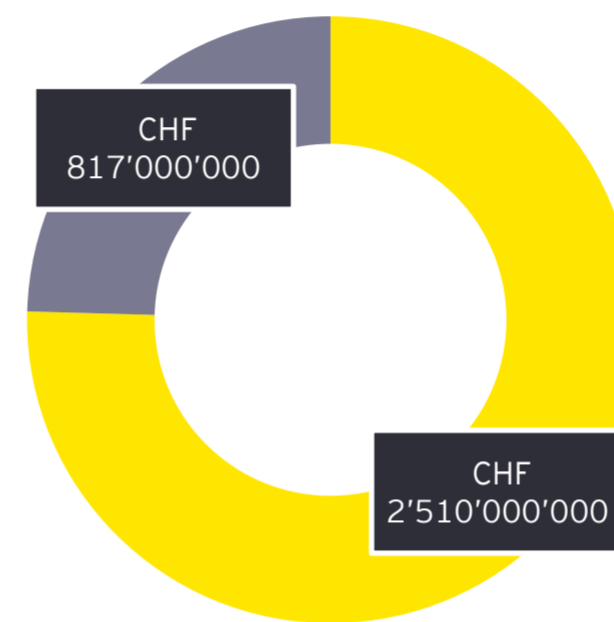


11.7% of public tax revenue stems from the financial sector

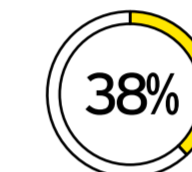
Sources: [Swiss financial centre \(admin.ch\)](https://www.admin.ch)

Life sciences - Swiss Biotech

Capital investments in Swiss biotech companies reached **CHF 3.3 bn** with 75% invested into public and 25% into private companies*



■ Public Companies ■ Private Companies



Revenue increase

The Swiss biotech industry generated revenues of **CHF 6.7 Bn** compared to **CHF 4.9 Bn** in 2020*



17,855 employees in Swiss R&D biotech companies, an increase of 9.5%

Sources: [Swiss Biotech Report 2022 shows sector again performs exceptionally at all levels | EY - Switzerland](#); [Swiss Biotech report 2022_FINAL](#)

Luxury goods - Swiss watch industry



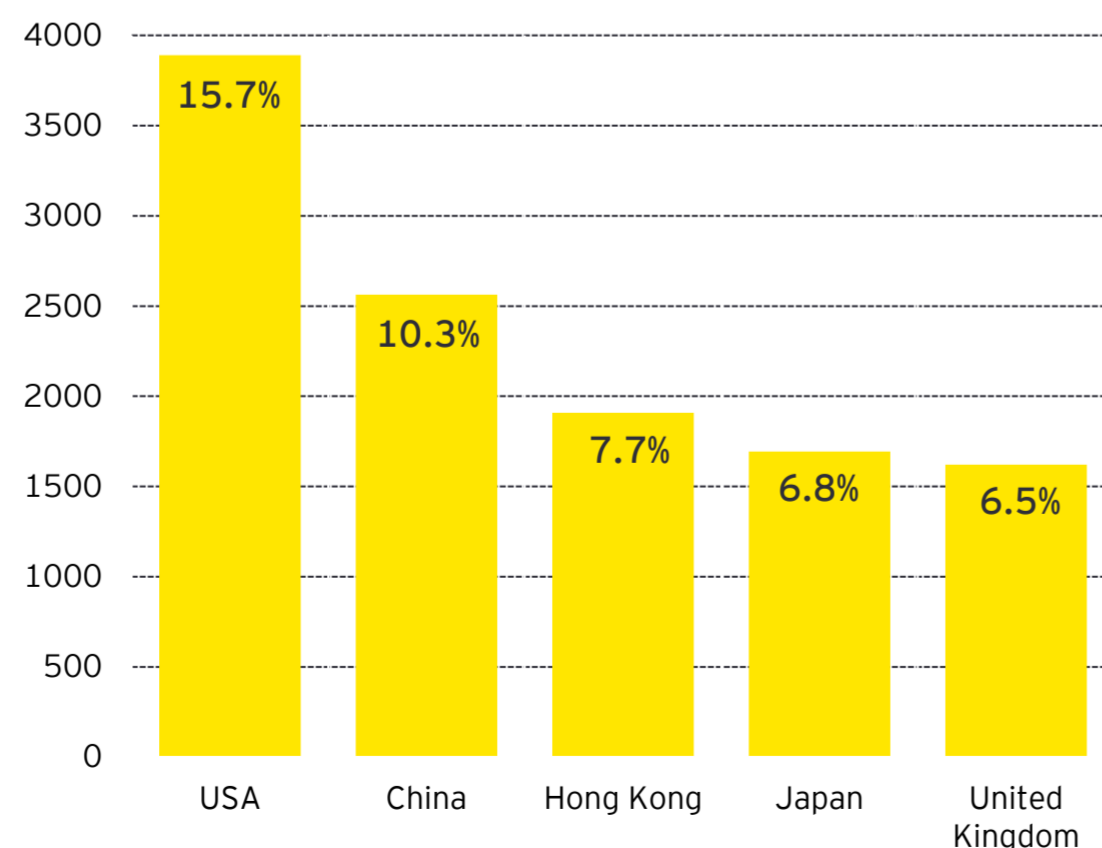
CHF 22.3

bn worth of Swiss watches exported, 2.7% increase to 2020



95% of Swiss watches produced were exported

Swiss watch exports per market in 2022 (Mil of CHF)



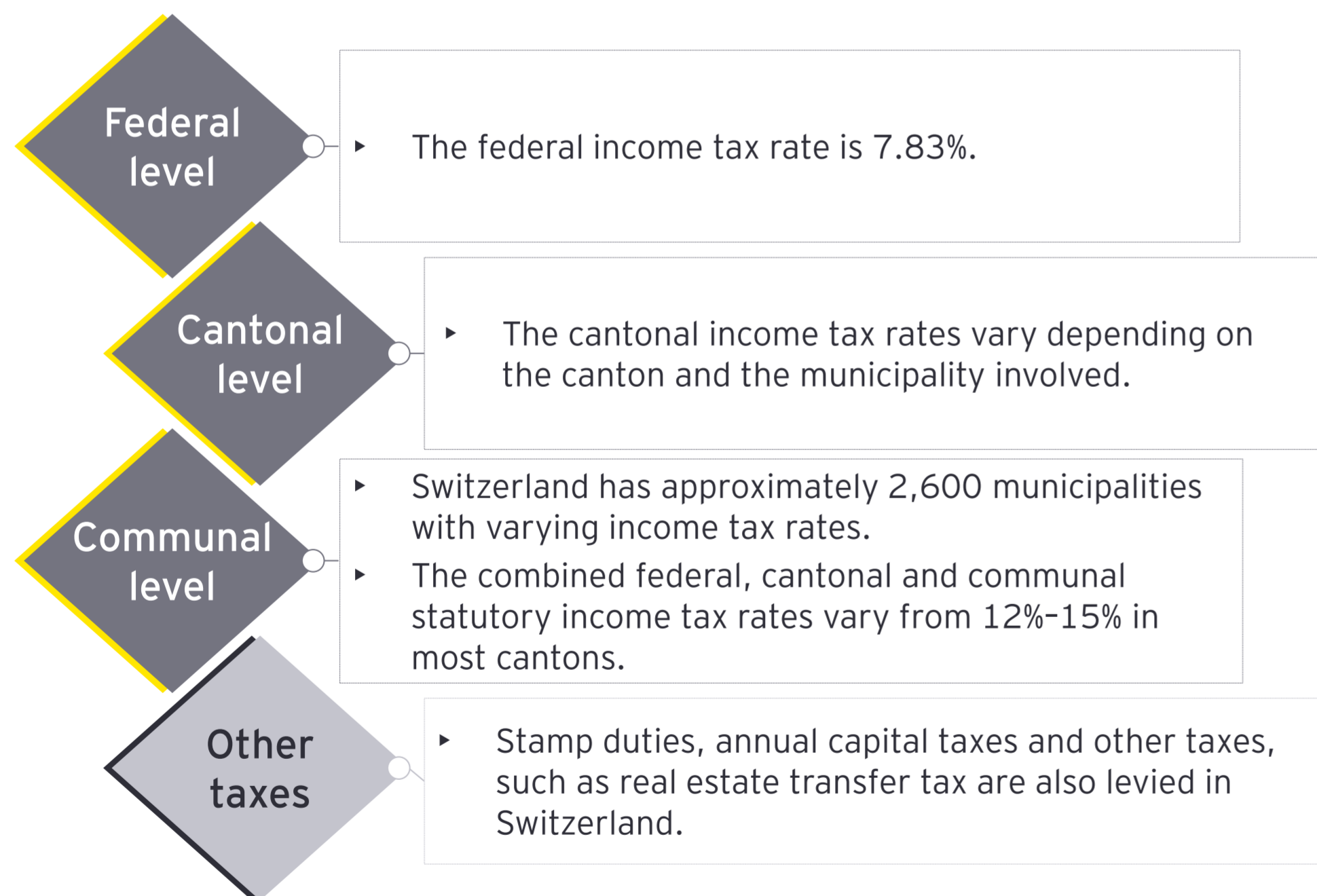
Sources: [Swiss watch exports in 2022 \(fhs.swiss\)](https://www.fhs.swiss) [Annual Report 2021 \(fhs.swiss\)](#)



Doing business in Switzerland

Key measures of the Swiss taxation regimes

Taxes are levied at three levels:



At the federal level

In addition to corporate income tax rates, there are other tax benefits that makes Switzerland a preferred location for companies that include the following:

Relationship with tax authorities

- ▶ Business friendly local tax authorities committed to helping you integrate within the Swiss tax environment

Reorganizations

- ▶ Tax neutral reorganization schemes for mergers, demergers, value transfers, etc.
- ▶ No non-resident capital gains tax (exceptions: real estate & dormant companies) nor change of ownership rules
- ▶ Tax neutral disclosure of hidden reserves including goodwill upon migration and subsequent amortization over 10 years
- ▶ Migration to Switzerland possible with legal continuity

Other benefits:

- ▶ Attractive ETRs of 11.8% to 14% in most cantons
- ▶ In addition there exists possibilities for tax holidays of up to 10 years
- ▶ A patent box and R&D super deduction that result in tax rates as low as 9.1% for the Canton of Zug
- ▶ An extensive treaty network of > 100 treaties that allow for a 0% WHT rate on dividends (retained earnings)
- ▶ Lastly, EU tax regulations do not have a direct impact on the Swiss tax framework (i.e. No ATAD I+II, No EU state aid, No MDR)

Doing business in Switzerland

EY as your partner for



AUDIT & ASSURANCE

- ▶ Provide insights into Swiss financial reporting and accounting standards
- ▶ Provide high-quality audits to promote transparency and trust
- ▶ Provide assistance to acquire funds via the optimization of internal systems



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TAX & LEGAL

- ▶ For indirect tax we provide assistance in VAT advisory and registration, fiscal representation, turnover reconciliation, global trade advisory, and subordination license
- ▶ In legal matters we provide services in incorporation, corporate law, and labor & employment law



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CONSULTING

- ▶ To provide aid in cross border transaction, to enable creation and implementation of business strategies (i.e. establish local partnerships, and supply chain diversification and management)



STRATEGY & TRANSACTION

- ▶ We provide aid to Chinese inbound clients the following service offerings of Mergers & Acquisitions (M&A), transaction legal, due diligence and exit readiness, transaction tax and real estate, valuation, modeling and economics, capital and debt advisory, transaction & execution services, strategy, and turnaround & restructuring strategy



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PEOPLE ADVISORY SERVICE

- ▶ Provide tailored solutions for culture adaptation, talent support, social costs, immigration services, or work authorization for your business entity in Switzerland



Jan Wong

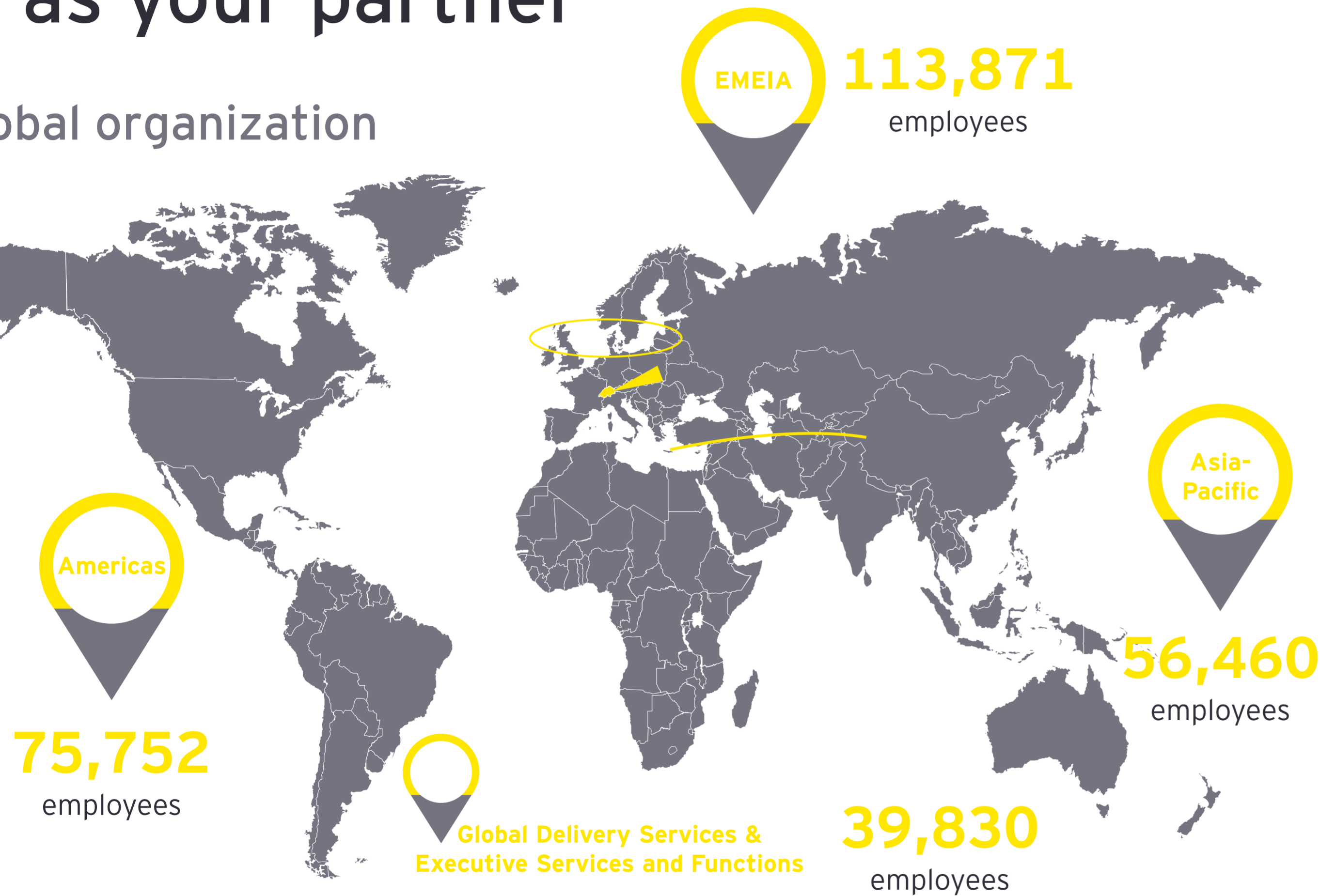
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EY

as your partner

Global organization



EY Network

We have more than
285,000
professionals

working in our
700+
offices

around the globe in
150+
countries

China Overseas Investment Network (COIN)

2,800+
Clients assisted globally

50,000+
Overseas engagement

Interdisciplinary teams ready to assist you

Our steering team involving EY Switzerland and EY China are available at your disposal to address any questions you may have. We aim to facilitate the process of establishing new businesses in Switzerland and investing into Switzerland as a new business location. Our team has extensive experience in relation to multiple industry sectors, with a large focus on technology and innovation companies.



as your partner

EY's integrated approach

The EY network has global extensive experience in end-to-end incentive planning and application process as well as other connected areas such as legal, tax, etc. To ensure business decisions do not negatively impact tax cost base and compliance and vice versa, we holistically address important layers of feasibility, design and implementation. Our approach is based on a proven methodology applied across different industries.

EY can support your new establishment or investment in Switzerland by leveraging both our internal and external networks to enable a smooth and efficient expansion into Europe/Switzerland. EY is committed to ensure the services provided meet our clients' expectations.



Leveraging our internal and external networks

- ▶ Local expertise available in each country: advising on eligibility and best schemes for your project
- ▶ Network of investment agencies to discuss specific conditions and probability of funding of the project



Customizable solutions

- ▶ Significant experience with various sectors
- ▶ Approved methods – tailored for your business



Common growth

- ▶ You are always centered in our focus – whatever the approach.
- ▶ Our aim is to help our clients grow.



One-stop-shop services

- ▶ Legal, direct and indirect tax, and accounting perspective – all in one hand



Operating model effectiveness

- ▶ Our interdisciplinary specialist team at EY Switzerland works with all layers of business transformations and operating model effectiveness.
- ▶ We can provide a holistic approach in integrating Switzerland as a new business location in your current structure and supply chain.

Why EY

- ▶ Every project is tailored to individual business requirements
- ▶ Global connectivity with local knowledge available in relevant jurisdictions, advising on options and eligibility based on your project
- ▶ Significant experience in relevant industries
- ▶ Holistic approach: legal, tax (including indirect tax), transfer pricing perspectives – all in one place

EY | Assurance | Tax | Strategy and Transactions | Consulting

About the global EY organization

The global EY organization is a leader in assurance, tax, consulting. We leverage our experience, knowledge and services to help build trust and confidence in the capital markets and in economies all over the world. We are ideally equipped for this task – with well trained employees, strong teams, excellent services and outstanding client relations. Our global purpose is to drive progress and make a difference by building a better working world – for our people, for our clients and for our communities.

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