

Tax information meeting 24<sup>th</sup> March 2003

## A short summary of questions and answers

*Q: By when has the tax return to be filed?*

A: In principle the tax return has to be filed by 31<sup>st</sup> March. However, if you are late the Basel-Stadt tax office will send you a postcard in May reminding you to send the tax return and suggesting that you ask for an extension to the end of September if you need more time. **Using the extension does not affect any claims you can make – they will be the same as if you had sent in your tax return before 31<sup>st</sup> March.** The extension can be requested by returning the card to the tax office. No charges will be levied. Further extensions (to the end of the year) can only be granted if you have a valid reason for being late and have made substantial advance payments towards your tax.

If you **do not file a tax return** (for example if you have a B- or L-permit and earn less than Fr. 120,000.- per year) any refunds must be claimed before 31<sup>st</sup> March of the year following the tax year. In such case **no extension is possible.**

*Q: What expenses can I claim against my taxable income?*

A: In Basel-Stadt the following expenses can be claimed (receipts required):

- Extra payments into the pension fund
- 3<sup>rd</sup> pillar investments (Fr. 5933.- in 2002, Fr. 6077.- from 2003)
- Interest on loans, credit cards etc
- Mortgage interest
- Donations to recognised charities
- Childcare (if both partners work) up to Fr. 5200.- per child
- Medical expenses not refunded by the health insurance (including dentist, optician etc) if the total exceeds 5% of your income
- Alimony paid to separated or divorced spouse and to children
- Expenses for travel to work if exceeding the flat allowance of Fr. 500.-
- Work-related expenses not refunded by your employer if exceeding the flat allowance of Fr. 700.-
- under certain circumstances, travel and housing expenses if you have been in Switzerland for less than 5 years and still have an address in your home country
- Support of family members if you have a legal obligation to support them and can prove that payments of at least Fr. 5200.- per year have been made from yours to their bank account (cash receipts don't count!)

*Q: What happens to the 35% withholding tax that my Swiss bank deducts from the interest accrued on my accounts?*

A: If you file a tax return, the withholding tax can be claimed against the income tax. If you don't file a tax return you can request a part of the withholding tax to be refunded to you.

*Q.: I have a bank account in the US and shares in the UK. Do I have to declare these in the Swiss tax return?*

A: Yes. Switzerland taxes all income from movable assets worldwide. You also have to declare property outside Switzerland although this will only affect your tax rate but will not be taxed itself in Switzerland.

*Q: My uncle in Japan has died and in his will has given me approximately Fr. 100,000.-. Will I pay inheritance tax on this in Switzerland?*

A: Inheritance tax is levied by the place the deceased person was resident, in this case Japan. Switzerland does not levy any inheritance tax on assets you inherited from a person resident abroad. You have to declare the assets and any income from them in your tax return since they now are part of your overall assets.

*Q: I have heard that Basel-Stadt is lowering its tax rates. By how much?*

A: Basel-Stadt will reduce income tax by 5.5% over two years. In 2003 there is a reduction of 3% and another 2.5% in 2004. Those who pay tax at source might already have noticed that from January 2003 on a lower tax rate was applied. The asset tax will be lowered by 10% with a tax rate of 0.8% at maximum.

*Q: How can I calculate how much tax I will have to pay this year?*

You can use the tax calculator on the website of the Basel-Stadt tax office. Go to [www.steuer.bs.ch](http://www.steuer.bs.ch), choose "Drucksachen" and then "Steuerkalkulator". Open the program and fill it in as follows:

#### **Einkommenssteuer (Cantonal income tax)**

Satzbestimmendes Einkommen: Your taxable income

Click on Tarif A for a single person or Tarif B for married couples or single parents.

#### **Direkte Bundessteuer (Federal income tax)**

Satzbestimmendes Einkommen: Your taxable income

Click on Tarif A for a single person or Tarif B for married couples and single parents.

#### **Vermögenssteuer (asset tax)**

Satzbestimmendes Vermögen: Your taxable assets

Click on Tarif A for a single person or Tarif B for married couples and single parents.

#### **Verrechnungssteuer**

Withholding Tax taken from interest on bank accounts

Choose the place you are living in (Basel, Riehen, Bettingen) and click on "Berechnen". On "Gesamtsteuerbetrag pro Jahr" you will see the total tax liability.

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