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会見

INTERVIEW

A new editor for the JETRO Switzerland Newsletter in July

Dear readers,

Since March 2017, it has been my pleasure to write this newsletter every month. Thanks to it, I have dealt with amazing companies and people from Japan and Switzerland. I have been impressed

with how hard they work to produce the very best goods and services. Their excellence is both a challenge and an inspiration for those such as JETRO, whose mission is to support them. I look forward to continuing this mission in my next position. As

my successor will take office in July, there will be no newsletter in June and July. We apologize for the inconvenience.

Thank you dear readers,
Mario Marchesini

Tax event for Japanese Corporate Clients on May 31

Interview with Mr Erik Steiger, Partner Tax and Ms Céline Jundt, Director Tax at PwC Switzerland

On May 31, PwC, JETRO, and Switzerland Global Enterprise will hold the next Swiss Tax Update Event for Japanese Headquartered Corporate Clients. This will be the first time since the pandemic that this regular event has been held. The event will cover several important topics, including the coming implementation of the OECD minimum corporate tax rate of 15% for multinational companies.

Mr Erik Steiger, Partner Tax and Country Leader for Japan, and Ms Céline Jundt, Director Tax kindly answered our questions. The event is free of charge and will be held in English in Bern. Information and registration on [PwC's website](#).

What is this event about, and who is the targeted audience?

The event is targeted at representatives of Japanese compa-



PwC has several offices in Switzerland including in Bern

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nies in Switzerland and not limited to a specific industry or category of companies. The topic is an overview of various Swiss tax matters that are relevant for Japanese inbound companies. Apart from presentations with an overview on corporate tax matters, certain transfer pricing aspects, and people-related matters, the event will also provide an opportunity to connect and network within the community.

Switzerland will vote in June on the BEPS Pillar 2 (OECD minimal corporate tax), so what will change if it is approved?

The vote on the Swiss implementation of the BEPS Pillar 2 rules will be very important for Switzerland, as this law is needed to give Switzerland the proper basis for introducing Pillar 2 in step

(continued on page 2)



INTERVIEW

Tax event for Japanese Corporate Clients

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with all other countries that are implementing it (currently, it is expected that a majority of countries will enact their relevant laws effective from 1 January 2024). It will be key to ensure that Swiss entities of multinational groups falling under the Pillar 2 rules can be taxed fully in line with Pillar 2 requirements in Switzerland (at 15%, according to the Pillar 2 rules), thus preventing additional foreign tax liabilities (and the accompanying administrative burden and complications) for such multinational groups in connection with their Swiss entities.

Currently, Swiss law allows tax deductions related to innovation. Will the new system allow deductions too?

Incentives to promote innovation – in the area of tax, notably the patent box and the R&D superdeduction – were introduced in Switzerland only recently and are expected to remain in place, especially since such incentives are available to companies of all sizes, not only large international groups. Where international standards on characteristics of such incentives evolve and change, existing incentives in Switzerland will have to be reviewed and aligned to be compliant with international standards. Depending on the situation, the existing Swiss innovation deduction can as well be beneficial under the Pillar 2 rules. In addition, cer-

tain cantons are actually exploring whether they want to introduce QRTCs (qualified refundable tax credits), which are foreseen in Article 10 of the OECD Model Rules.

First, the 2019 reform, and now this new one. Is Switzerland still attractive for foreign companies, considering those rapid changes and increasing costs?

Recent developments in the area of tax in Switzerland have – similar to developments in many countries worldwide – significantly been impacted by global developments that aim at establishing a greater transparency and a level playing field in the area of taxation. Switzerland supports and actively participates in these international efforts. The Swiss tax reform that went into effect on 1 January 2020 included several elements that helped modernize Swiss tax law in line with these international developments. Interestingly, the tax reform has led to a reduction in general effective tax rates across Switzerland, keeping them at a very attractive level for all corporate taxpayers, even without special incentives. The Pillar 2 reform will be different from other reforms insofar as it will impact all countries worldwide in a comparable manner: Where a country does not reach the commonly required minimum level of taxation, other countries may have a right to tax the difference. But Switzerland's attractiveness for foreign companies continues to go well beyond mod-

erate tax rates: Factors such as a very high level of political stability, a well-developed and reliable infrastructure, comparably low levels of inflation, a very multinational society, and an excellent level of education – to name but a few – continue to make Switzerland a great choice for many international companies looking to establish and expand operations in the EMEA region. Taxes are one element of the attractiveness of a location. And here Switzerland is still top-ranked and compliant with Pillar 2. The way Switzerland's industry went through the COVID-19 pandemic and the FX developments during the last years demonstrates the impressive resilience of the Switzerland location.

Is there any other change that Japanese Headquarter Companies should be aware of?

Multinational companies around the globe are facing developments that will fundamentally impact the overall compliance landscape. BEPS Pillar 2 is one of those aspects, but increasing regulations and reporting obligations (e.g., in the area of ESG/sustainability) will go well beyond Pillar 2 alone. Hence, more than ever, multinational companies will need reliable, experienced business partners that help them navigate the multitude of such regulations and obligations, with the goal of ensuring consistent compliance to help protect the business and reputation.

Companies' utilization of the Swiss-Japanese EPA could be improved

For the last four years, Switzerland has published a monitor on the utilization of the existing economic partnership agreement (EPA) or free trade agreement (FTA) for 2021.

Thanks to the good collaboration between both sides, both directions of trade can be analyzed.

Swiss exports to Japan (CHF 7.7 billion) were duty-free at 95.6%. Most of Swiss exports are goods that are already duty-free thanks to

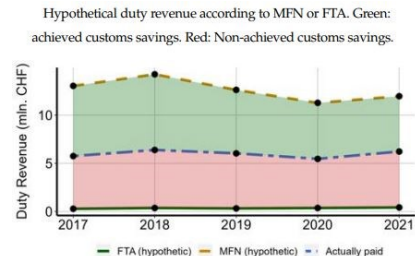
the WTO's Most Favored Nation rule. This is typically the case for pharmaceutical goods.

Regarding Japanese exports to Switzerland (CHF 4.9 billion), 71.9% of the goods were duty-free.

Looking into the detail, for goods for which there is a preferential tariff, companies have saved CHF 5.8 million, but they could have saved as much if they had claimed the preferential rate more systematically.

Easier procedures could help them to save more.

Source: [SECO](#)



Non achieved savings of more than CHF 5 million according to the SECO

分析

ANALYSIS

Japanese economy stronger than expected during the first quarter

From January to March, the Japanese economy grew by 0.4% (quarter-to-quarter) according to the latest figures published by the Cabinet Office. This represents a 1.6% annualized growth.

The good performance was above the forecasts of both Japanese authorities and financial experts. It is the private demand (+3.1%) that

contributed the most to this good surprise.

Private consumption has not reached such a level in a long time.

A solid private consumption is an important step for the Government and the Central Bank. Currently, inflation is still above the Bank of Japan's target, with 3.4% in April.

This will further increase the pressure on the BoJ which maintains a generous monetary policy. The main concern is that the current economic recovery could be jeopardized if the BoJ increases its interest rate.

Source: [Cabinet Office of Japan](#)

動向

TREND

Ms Stocco's Bento from Bento Lieferservice on NHK World!

Congratulations to Ms Michèle Stocco-Dolder, founder of [Bento Lieferservice](#). She was broadcast on [NHK World in the program Bento Expo](#) which explored the diversity and creativity of bento around the world. The hard work she's putting in on combining Japanese traditional bento and local ingredients

has been highlighted.

We are happy to confirm that her bentos are as good as they look!

We interviewed her in April 2022 to celebrate five years of her company.

Check the [interview](#).



Screenshot from the NHK website

活動

ACTIVITY

革新

INNOVATION

JP-UK Hiroshima Accord includes trade, security, and innovation

Japan and the UK agreed to scale up their collaboration by enhancing the global strategic partnership bonding the two countries.

It was during a bilateral meeting at the G7 summit in Hiroshima that PM Kishida and PM Sunak agreed to improve the already excellent relationship.

The “Hiroshima Accord” includes trade, security and innovation. In this regard, both partners agreed to extend their collaboration even for the most strategic and sensitive technologies, such as AI and quantum research, including for military application.

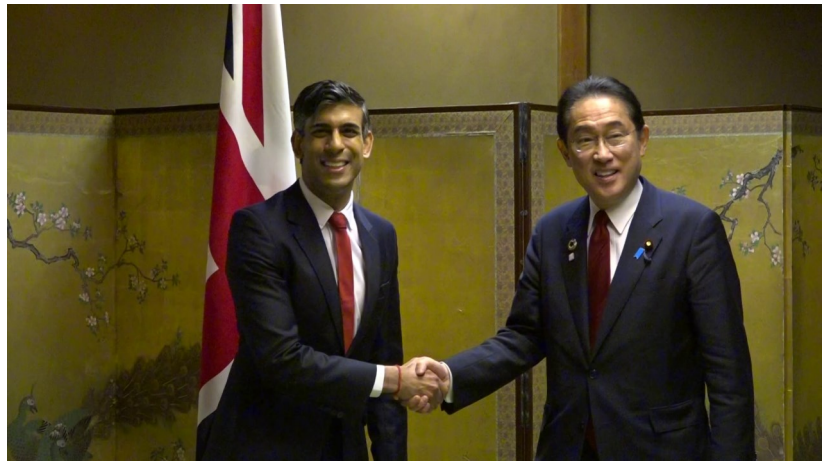
In this regard, Japan is committed to preserve peace and stands with Ukraine. At the end of March PM Kishida met President Zelensky in Kyiv. He also invited the Ukrainian president to the G7 to discuss security issues.

Innovation is key to the agreement, as both sides believe that economic prosperity and security will benefit from science, technology and innovation.

A dialogue will be launched at ministerial level to explore and strengthen Japan-UK collaboration on strategic opportunities.

Both sides also committed to facilitate mutual market access and collaboration within existing the trade framework, such as the WTO and the CPTPP, which the UK recently joined.

The [agreement](#) is available in both English and Japanese.



Prime Minister Sunak (left) and Prime Minister Kishida (right) bilateral meeting during G7 summit Credit: [Prime Minister's Office](#)

Agenda

活動

AGENDA

- ✓ Tax event for Japanese Corporate Clients
PwC, JETRO Geneva and S-GE joint event
Detailed program and registration available following this [link](#)
May 31, 2023 - 3.15pm - 5pm
PwC Bern, Bahnhofplatz 10, 3001 Bern

JETRO is a government-related organization that works to promote mutual trade and investment between Japan and the rest of the world. Originally established in 1958 to promote Japanese exports abroad, JETRO's core focus in the 21st century has shifted toward promoting foreign direct investment into Japan and helping small to medium size Japanese firms maximize their global export potential.

The JETRO Switzerland Newsletter can also be viewed and/or downloaded online:
<http://www.jetro.go.jp/switzerland/newsletter>

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