



Components of a pay slip explained simply



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	Obligation		
	Taxes	Social Insurance	
Monthly salary			
	If there is no collective bargaining agreement or national collective agreement, there is generally freedom of contract when agreeing on the salary. Only in cross-border employment relationships is the salary expected to be in line with local and industry standards. The salary is paid monthly in advance. The employer is obliged to pay the employee's social security premiums.	Yes	Yes
Special case: hourly salary			
	In the case of hourly salary, any vacation bonus (and public holiday bonus, if provided for in the collective labor agreement or customary in the company) must be shown separately in the employment contract and on each pay slip. The vacation bonus may not be paid out for regular assignments, but must be accumulated and paid out when vacation is taken.	Yes	Yes
13th month's salary			
	Unless a collective bargaining agreement applies that requires it, this is voluntary. Once paid or agreed upon, it is mandatory.	Yes	Yes

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		Obligation	
		Taxes	Social Insurance
Bonus	The bonus is calculated on the basis of measurable key figures. Once agreed, it is binding.	Yes	Yes
Gratuity	A gratuity is voluntary and completely arbitrary. If there is no regularity and a caveat is noted on the pay slip, there is no legal claim.	Yes	Yes

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	Obligation	
	Taxes	Social Insurance
Family allowances	Can be applied for per child by the father or mother. Once approved by the compensation office, these are paid out via payroll. The family allowances are deducted from the employer's paid out salary components by the compensation office.	Yes No
Work clothes	Provided it can be worn during leisure time (no company logo, no safety clothing, etc.)	Yes Yes
Occasional present	e.g., anniversary, birthday	No < CHF 500.- / case Yes > CHF 500.- / case

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	Obligation	
	Taxes	Social Insurance
Company car		
Case 1: Company car provided by employer The employee is reimbursed a monthly private share of 0.9% of the purchase price including special equipment, excluding VAT, but at least CHF 150, on their pay slip in order to determine social security deductions. However, the private share is deducted again when calculating the amount to be paid out.	Yes	Yes
Case 2: Employee uses private car The kilometers driven for the employer are reimbursed via payroll accounting. km driven (excluding commute to work) x km rate (recommendation: CHF 0.70)	No	No
GA Travelcard		
> 40 business trips per year	No	No
< 40 business trips per year	Yes	Yes
Other public transport tickets		
Half-fare travelcard	No	No
Point-to-point Travelcard, business-related	No	No
Point-to-point Travelcard, non-business-related	Yes	Yes

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	Obligation	
	Taxes	Social Insurance
Business-related expenses		
Business-related expenses can be settled via salary or financial accounting. They are added to the net salary. (e.g., travel tickets, postage, customer gifts, etc.)	No	No
Non-business-related expenses		
These always represent a monetary benefit and must be added to the gross salary. (e.g., shirt cleaning, private expenses, etc.)	Yes	Yes
Fixed expenses		
If there are no expense regulations approved by the canton, all fixed expenses are considered part of the salary. An exception to this rule applies to fixed expenses that only cover actual spending. However, these expenses must be documented in the event of any audits. (e.g., home office allowance, cell phone allowance, etc.)	(Yes)	Yes

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	Premium	
	Employer	Employee
AHV / IV / EO (1st pillar retirement provision)		
	The deduction for AHV/IV/EO is 5.30% per employer/employee. It is calculated on the basis of the relevant salary and deducted from the gross salary. There is no upper or lower limit on this salary deduction. Every employee between the ages of 18 and 64/65 is subject to AHV and the deduction is mandatory. Upon reaching retirement age, an allowance of CHF 1,400 per month is granted.	
MANDATORY SOCIAL INSURANCES	5.30 %	5.30 %
VOLUNTARY SOCIAL INSURANCES		
DECLARATIONS		
	Account invoice The compensation offices set so-called advance invoices for the collection of premiums. These are provisional premiums based on the amount of the estimated total salaries you have reported. The premiums on account must be paid quarterly up to an annual salary amount of CHF 200,000 and monthly above that amount. You avoid interest on arrears if the premiums on account are received by the compensation office no later than the 10th day after the end of the quarter or month. In addition to AHV/IV/EO premiums, ALV premiums are also charged, as well as premiums of family compensation funds and administrative costs.	
		The contributions to family expenses and administrative costs vary from canton to canton and are also influenced by the total salary sum. Therefore, the percentage contribution must be clarified on an individual basis. The premiums are paid in full by the employer.
		Individual

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ALV and ALV-Z (unemployment insurance)

The deduction for ALV is 1.1% of the relevant salary per employer/employee.

However, this only applies up to an annual salary limit of CHF 148,200 or a monthly limit of CHF 12,350.

Employer

Employee

1.1 %

1.1 %

The salary above this sum is subject to social security premiums at a solidarity rate of 1% (0.5% each for the employer and employee).

0.5 %

0.5 %

One special case should be noted here. If an employee occupies a position similar to that of an employer, i.e., if he or she can exert a significant influence on decisions within the company, he or she must pay unemployment insurance premiums like everyone else. However, he or she is not entitled to unemployment insurance benefits in the event of unemployment.

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UVG (accident insurance)

Accident insurance is also mandatory. From the first day of work, an employee must be insured against accidents at work by law.

As soon as the average weekly working time exceeds eight hours, there is also an obligation to insure against non-occupational accidents.

It is up to the employer to take care of the insurance.

The employer must pay the premiums for occupational accidents, while the employee usually pays premiums for non-occupational accidents.

Occupational
accident

Non-occupational
accident

As with unemployment insurance, accident insurance has an annual salary limit of CHF 148,200, or CHF 12,350 per month. The employer can insure any salary above this amount via supplementary insurance.

The employer is free to choose the insurance provider, unless SUVA has been specified by law (e.g., construction industry, contract staffing, etc.).

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BVG (2nd pillar pension plan)

All employees subject to AHV premiums are insured from January 1 following their 17th birthday for the risks of disability and death, and from January 1 following their 24th birthday additionally for retirement benefits.

The annual salary between CHF 22,680 and CHF 90,720 is subject to compulsory insurance. The so-called coordinated salary (insured LPP annual salary) amounts to a maximum of CHF 64,260. (Annual salary minus coordination deduction of CHF 26,460)

For annual salaries of CHF 22,680 or more, a minimum salary of CHF 3,780 is insured. All employers who employ employees who are subject to compulsory insurance must be affiliated with a registered pension fund.

The wage deduction is made in fixed premiums (CHF).

50 %

50 %

Here too, salaries above the wage limit can be insured by means of a supplementary solution.

The following positions are not subject to BVG requirements

- Employee has not yet reached entry age
- Employee has already reached retirement age
- There is a fixed-term employment contract of no more than 3 months
- Employee is working part-time and is insured under the BVG in their main job
- Employee has a second job and is self-employed in their main occupation
- Employee is at least 70% disabled within the meaning of the IV

Premium

Employer

Employee

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KTG (daily sickness allowance insurance)

Daily sickness allowance insurance is voluntary and not required by law. However, it has become common practice. However, as soon as a collective bargaining agreement (CBA) applies that provides for a daily sickness allowance solution, insurance becomes mandatory.

The premiums are paid half by the employer and half by the employee. The salary limit is agreed in the policy. An insured annual wage of CHF 300,000 is standard.

KTG works with waiting periods, i.e. the employer continues to pay at least 80% of the salary for a period agreed in the policy. After the waiting period has expired, the daily sickness benefit insurance then takes over the continued payment of 80% of the insured salary for a maximum of 720 days.

If such insurance has not been provided, the employer is obligated to continue paying wages in accordance with the Zurich, Basel, or Bern scales.

The employer is free to choose the insurance provider.

50 %

50 %

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	Premium	
	Employer	Employee
UVG-Z (supplementary accident insurance)	<p>If an insurance solution above the annual salary limit of CHF 148,200 is desired, the employer can insure the excess salary amount via supplementary insurance.</p> <p>Depending on the regulations, it is up to the employer to decide whether to pay the premiums in full or in part, or whether to pass them on entirely to the employee.</p> <p>The employer is free to choose the insurance provider.</p>	Individual
BVG-Z (supplementary pension insurance)	<p>Annual salaries between CHF 22,680 and CHF 90,720 are subject to compulsory insurance. Higher and lower salaries are not covered by statutory insurance.</p> <p>However, a company can also voluntarily insure higher salaries. This is referred to as a supplementary insurance plan. In this case, premiums are also distributed individually according to the regulations.</p>	Individual
Private health insurance	<p>Unlike in other countries, the obligation to take out private health insurance lies with the employee.</p> <p>If the employer pays the premium, it is considered part of the employee's salary and is subject to tax and social security premiums.</p>	

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AHV/IV/EO and ALV

The final premiums are determined on the basis of an annual statement of account. This statement must be received by the compensation office by January 30 at the latest after the end of the contribution year.

The compensation office calculates the difference between the premiums paid on advance and the final premiums. If you have overpaid, you will receive a credit note; if you have underpaid, you will receive a supplementary invoice.

Yearly

Monthly
advance invoice

UVG, any UVG-Z

Like the compensation funds, accident insurance companies work with an advance invoice. However, this is issued once at the beginning of the year.

The final premiums are determined on the basis of an annual statement of account. This statement must be received by the accident insurance company by January 30 at the latest after the end of the contribution year.

Yearly

Yearly advance
invoice

The accident insurance company calculates the difference between the advance premiums paid and the final premiums. If you have paid too much in advance, you will receive a credit note; if you have paid too little, you will receive a supplementary invoice.

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QST (withholding tax)

The declaration must be submitted in the employee's canton of residence. For cross-border commuters, the competent canton is the one in which the employer is based.

Settlements must generally be made monthly, or in certain cases quarterly (depending on the total payroll sum).

They must usually be submitted to the relevant tax office within 15 to 30 days of the end of the settlement period (settlement deadline).

Monthly

None

The taxes owed on the basis of the assessment are due at the end of the assessment period and, depending on the system of the individual canton, must be paid within 30 days by means of an invoice (payment deadline).

The employer merely acts as a paying agent in this procedure. The taxes to be paid are deducted from the employee's paycheck.



We hope we have been able to give you an initial insight into the Swiss salary system. Please note, however, that this documentation is for informational purposes only and does not replace individual clarification.

As a general rule, personnel matters should always be examined on a case-by-case basis. We are happy to assist you in this regard. You may contact us. Our HR specialists look forward to hearing from you.

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