

Information on the revision of source tax valid from 1 January 2021

With the revision of the source tax as of 1 January 2021, various changes in the area of source tax have come into force.

The following information essentially summarises the changes in connection with the previous source tax tariff corrections and the subsequent ordinary assessment.

Subsequent corrections in the source tax procedure (source tax tariff corrections)

Subsequent corrections in the source tax procedure are no longer possible to the same extent as before. A subsequent correction in the source tax procedure (so-called source tax tariff correction) is only possible for the following reasons (exhaustive list):

- Contestation of the source tax liability
- Errors in the determination of taxable or rate-determining income (e.g. exclusion of third-country days)
- Error in the application of the tax rate

Deadline

The application must be submitted to the cantonal tax office of the canton of residence by **the end of March of the following year at the latest** (i.e., for the tax year 2021 by 31 March 2022 at the latest).

Subsequent ordinary assessment (SOA)

The annual tax declaration is made by filing an annual tax return with a declaration of worldwide income and worldwide assets, taking into account the international tax allocation based on the relevant double taxation agreement.

a) Subsequent ordinary assessment required by law

If the person liable to source tax is resident in the canton, he or she is subject to subsequent ordinary assessment required by law under the following conditions:

- Their gross annual income amounts to at least CHF 120'000
 - Extrapolation to one year in the case of tax liability during the year as a result of moving in from abroad
 - In the case of married couples, if one of the two spouses reaches the relevant income limit
 - SOA also in the following years, even if the income limit of CHF 120'000 is temporarily or permanently not reached
- They wish to reclaim Swiss withholding tax credits or their income not subject to source tax (e.g., income from securities, income from real estate) amounts to at least CHF 3'000 (Zurich) or CHF 10'000 (Aargau) or the taxable assets of individuals amount to at least CHF 80'000 (Zurich) or CHF 100'000 (Aargau) (married couples; in the Canton of Zurich: at least CHF 160'000 or in the Canton of Aargau: at least CHF 200'000)
 - Under these circumstances, persons liable to source tax are obliged to apply to the cantonal tax office of the canton of residence **by the end of March of the following year** for a tax return to be sent to them in order to carry out a SOA
 - SOA also in the following years, even if the aforementioned amount limits are temporarily or permanently undercut.

b) Subsequent ordinary assessment at the request of a person subject to source tax and resident in Switzerland

Individuals subject to source tax who are resident in Switzerland and who are not subject to a subsequent ordinary assessment required by law (cf. a)) may submit an application for a SOA:

- This application may be made without stating specific reasons.
- Such a request is necessary in particular in order to
 - To obtain equal treatment with persons subject to the ordinary assessment procedure, or
 - To subsequently claim a tax reduction for deductible expenses that are only included at a flat rate or not at all in the source tax rates. In particular, these may be the following expenses:
 - Actual professional expenses
 - Education and training costs
 - Payments into the 2nd pillar and into pillar 3a
 - Third-party care costs for children
 - Alimony payments and support payments
 - Illness and disability-related costs
 - Debt interest
 - Donations

Deadline

The application must be submitted to the cantonal tax office of the canton of residence **by the end of March of the following year at the latest** (i.e. for the 2021 tax year by 31 March 2022 at the latest). If the deadline is not met, the application will not be considered.

Consequences

An application submitted in due form and time can no longer be withdrawn. If the prerequisites for carrying out the SOA on application are met, the SOA **will be carried out required by law in subsequent years until the end of the source tax liability**.

Tip

It pays to plan ahead. For example, a future change of residence (move from a tax-favourable municipality to a municipality with a higher tax rate) can have a negative effect on the SOA or the definitive tax burden.

c) Subsequent ordinary assessment at the request of a person liable to source tax who is resident abroad (e.g., International Weekly Commuter, Cross-Border Commuters)

Persons liable to source tax who are resident abroad may apply for a subsequent ordinary assessment. Such an application is necessary in particular to claim deductible expenses that are only partially included in the rates or not included at all (cf. explanations under "Resident in Switzerland"). You must provide evidence of the following:

- At least 90% of the worldwide family income (gross) is taxed in Switzerland (so-called quasi-residency) or
- The situation is comparable to that of a person resident in Switzerland or
- There are deductions that are to be taken over by the country of activity according to the double taxation agreement.



Deadline

The application must be submitted to the cantonal tax office of the canton of residence **by the end of March of the following year at the latest** (i.e. for the 2021 tax year by 31 March 2022 at the latest). If the deadline is not met, the application will not be considered.

Consequences

An application submitted in due form and time can no longer be withdrawn. **The application must be submitted anew each year.**

21.02.2022 / Nora Rinderknecht, Treuhänderin mit eidg. Fachausweis