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NEWSLETTER

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Social Security (AHV) – Administrative relief for companies

Dear Sir or Madam,

In this newsletter we address a new regulation that will give administrative relief to companies when it comes to Social Security notification.

Bureaucracy in Switzerland has deep roots. According to a report by Avenir Suisse, an international survey shows Switzerland to be quite vigorous with the amount of regulations. Federal Councillor Johann Schneider-Ammann has now demanded a radical reduction in regulations. Federal Law grows by 7'000 A4 pages each year. This includes neither those regulations issued by cantons and local authorities, nor those of institutions such as the Swiss Financial Market Supervisory Authority (FINMA) or the Federal Communications Commission (ComCom) which are very active when it comes to issuing regulations.

This deluge of regulations has a negative impact on Switzerland's competitiveness. In the World Bank's international "Doing Business Index" Switzerland went from 11th in the rankings in 2005 down to 29th last year.

The Federal Councillor for economic affairs, Johann Schneider-Ammann, says: *«Switzerland creates 140 A4 pages of regulations per week. That's unnecessary regulation gone mad and needs to be stopped.»*

The Federal Council has now lifted the duty to sign up new employees for Social Security (AHV) during the year. The Council will adjust [the AHV ordinance](#), a decision relieving the administrative burden.

When does it come into effect?

The ordinance amendment comes into effect on **1st June 2016**.

What are the changes to the current situation? What is new?

Currently: Companies register each new employee with the compensation office within 30 days. In return the AHV compensation office will send what is called a "proof of insurance", a confirmation of registration which the company then has to hand over to the employee.

New: In the future, companies are no longer required to automatically register a new employee with the AHV compensation office within 30 days of starting date, but only with the annual salary declaration at the beginning of the following year. Also abolished will be the proof of insurance that had so far been issued on behalf of the insured person and had confirmed registration with the AHV compensation office.

What are the consequences for companies?

Primarily, any steps taken during the year for new entries regarding the registration process with the compensation office will be reduced. This is already the case with the accident and sick pay insurance. Employees that have joined recently will only be declared once a year with the annual salary declaration. A registration during the year is no longer required.

Companies that are characterised by a high number of new entries (e.g. labor-hire companies) will experience significant administrative relief. This amendment means that the risk of forgetting the registration during hectic phases has disappeared. In any case, companies using a payroll solutions will depend on their software that all salaries are properly accounted for at the end of the year.

What are the consequences for the employees?

In the future, an employee will no longer receive a proof of insurance by the company, and thus has no confirmation anymore that the company has complied with legal obligations. However, with most companies it may be assumed that these obligations are met.

If the employee has reasons to doubt, he should keep all salary statements as proof of all deductions and, as a safety measure, ask the AHV office for the [individual account statement](#) and compare it with the salary statements.

In summary, this amendment is a benefit to companies, and as such is a welcome and pleasant countermeasure after many years of mushrooming regulation.

Kind regards

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