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Switzerland
Transfer Pricing

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This country-specific Q&A provides an overview of transfer pricing laws and regulations applicable in Switzerland.

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Switzerland: Transfer Pricing

1. What is the legal framework (legislation, regulations or administrative guidance) governing transfer pricing in your jurisdiction?

Switzerland has no codified transfer pricing law. Consequently, there are no transfer pricing-specific regulations governing the determination or documentation of transfer prices at federal or cantonal level. Nevertheless, the arm's length principle is recognised and substantiated by the Swiss Federal Tax Administration (SFTA)'s practice and case law. Furthermore, Switzerland has unreservedly accepted all versions of the OECD Transfer Pricing Guidelines (TPG), including the latest update. Therefore, there is a consensus in Swiss tax law that the OECD TPG are an important, albeit non-binding, interpretative tool for applying the arm's length principle in Swiss tax law. The importance of the OECD TPG has been further emphasised in several publications by Swiss tax authorities, such as the SSK (Swiss Tax Conference, Schweizerische Steuerkonferenz) and the SFTA, which largely rely on and summarise the OECD TPG in their transfer pricing publications. Furthermore, the SFTA publishes and regularly updates a Q&A on specific transfer pricing topics.

Transfer pricing issues mainly arise in Switzerland in connection with federal and cantonal corporate income tax and federal withholding tax (WHT). However, transfer pricing issues may also arise in connection with VAT, for example in the event of retrospective transfer pricing adjustments and VAT impact at the level of the foreign related party. In the case of corporate income tax, the cantons are responsible for assessing and collecting cantonal and municipal taxes, as well as direct federal tax, subject to federal supervision. The federal government has exclusive jurisdiction to levy withholding tax, stamp duties and VAT.

The SFTA instructed the cantonal tax administrations in a 1997 circular letter, renewed in 2004, to apply the OECD TPG directly. This circular explicitly states that profit margins for service companies must be determined in accordance with the arm's length principle, i.e. on a case-by-case basis using comparable uncontrolled transactions and reference to appropriate margin ranges. The most relevant administrative guidelines on transfer pricing in Switzerland can be found in the SFTA's circulars, which provide unilateral safe harbour rules for thin capitalisation and intra-group interest rates, where the arm's length principle is not necessarily reflected in the published rates.

2. To what extent are the OECD Transfer Pricing Guidelines incorporated into or relied upon in your jurisdiction?

The OECD TPG do not constitute a source of binding law in the Swiss legal order. They are neither a treaty ratified pursuant to Art. 166 para. 2 of the Federal Constitution nor domestic legislation enacted by the Federal Assembly. As a soft-law instrument published by an international organisation, they occupy no formal place in the hierarchy of Swiss legal norms.

Notwithstanding this formal position, there exists full consensus in Swiss tax law practice — among the judiciary, administrative authorities, and legal doctrine — that the OECD TPG constitute an important interpretative tool for the application of the arm's length principle under Swiss domestic law. Switzerland has accepted the initial version and all subsequent updates of the OECD TPG — including the 2022 edition — without reservation.

The Federal Supreme Court (FSC) tends to take a static approach to the version of the OECD TPG applied. This approach was recently confirmed in an FSC ruling from 2024. Consequently, the arm's length principle and the methods for determining the relevant transfer prices will be evaluated in accordance with the version of the OECD TPG published at the time the transaction in question was finalised.

The Federal Supreme Court has consistently referenced the OECD TPG in its transfer pricing jurisprudence. Notable decisions include BGer 2C_1089/2018 of 20 December 2019, in which the Court relied on OECD guidance in assessing the arm's length nature of intra-group transactions. Swiss legal scholarship uniformly endorses the characterisation of the OECD TPG as a persuasive interpretative authority.

In practice, the TPG provide the central interpretative framework for applying the arm's length principle for both cantonal and SFTA, not only regarding cross-border but also for domestic transactions.

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3. How are "related parties" and "control" defined in your jurisdiction, and how do these concepts affect the application of the arm's length principle and the scope of the transfer pricing rules?

Swiss tax legislation does not contain a statutory definition of "related parties" for transfer pricing purposes. Instead, the concept has been developed through jurisprudence of the Swiss Federal Supreme Court. Switzerland adopts a broad, substance-based concept rooted in judicial interpretation rather than statutory codification. In crosser-border cases it follows the OECD principles as anchored in Art. 9 of the OECD-Model Double Tax Convention.

4. Do transfer pricing rules apply to both cross-border and domestic transactions?

Yes, in Switzerland, the arm's length principle applies equally to both cross-border and domestic transactions conducted between related parties, a consequence of the general nature of the underlying statutory provisions and the constitutional structure of the Swiss three-level fiscal system (Federal, Canton, Commune). Whether the related party is domiciled in Switzerland or abroad is legally irrelevant to the applicability of the norm.

This means that all intra-group activities—regardless of whether they occur within Switzerland or involve a foreign affiliated entity—must be structured and priced in a manner consistent with what independent parties would have agreed under comparable circumstances. Swiss tax authorities are therefore empowered to review such transactions and to adjust taxable income where the agreed terms deviate from arm's length conditions, ensuring that profits are appropriately allocated in line with economic reality. In practice, however, the enforcement and practical relevance of transfer pricing rules tend to be more pronounced in cross-border contexts. This is because international transactions raise heightened concerns regarding base erosion and profit shifting, particularly where profits may be shifted to other jurisdictions through non-arm's length pricing arrangements. As a result, cross-border transactions are more likely to be subject to detailed scrutiny during tax audits and may also involve coordination with foreign tax authorities. Nevertheless, the legal framework itself does not distinguish between domestic and international transactions, and the arm's length principle remains fully applicable in both contexts. Due to the significant rate differentials (i.e. ETR between ca. 11.7% and 21.6%), shifting incentives exist also within Switzerland. A question of doctrinal interest is whether the OECD TPG — designed primarily for international transactions between associated enterprises — are equally applicable as an interpretative tool for domestic Swiss transactions. A question of doctrinal interest is whether the OECD TPG — designed primarily for international transactions between associated enterprises — are equally applicable as an interpretative tool for domestic Swiss transactions.

5. Are there any exemptions or exclusions from the transfer pricing rules in your jurisdiction (for example, for small and medium sized enterprises, specific transaction types, or materiality thresholds)?

Swiss tax law does not provide formal exemptions or exclusions from the application of the arm's length principle. These principles apply broadly to transactions between related parties irrespective of the size of the taxpayer or the type of transaction. The arm's length principle applies universally to all taxpayers, all transaction types, and all amounts — without threshold, carve-out. However, this formal universality is tempered in practice by several de facto simplifications, administrative safe harbours, and enforcement priorities that produce effects functionally analogous to exemptions.

The SFTA for example annually publishes unilateral safe-harbour interest rate circulars, which provide acceptable interest rate ranges for shareholder loans and intercompany financing arrangements. If taxpayers adhere to these maximum resp. minimum safe-harbour rates, Swiss tax authorities generally accept the pricing without requiring a full transfer pricing analysis supporting the level of interest determined. The same is true regarding safe-harbour debt capacity rates for each asset category, at fair market value: if taxpayers adhere to these maximum lending rates, and if related party loans are below the maximum debt capacity of the taxpayer, the whole loan is accepted as debt for tax purposes.

6. Are there any notable deviations from OECD principles in local law or practice?

As established in the preceding analyses, the OECD TPG constitute the primary interpretative framework for the application of the arm's length principle in Switzerland. Swiss tax authorities, the Federal Supreme Court, and legal doctrine uniformly recognise their authoritative — albeit non-binding

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This broad alignment notwithstanding, Swiss tax law and administrative practice exhibit several notable deviations, divergences, and distinctive features that differentiate the Swiss approach from the OECD framework in material respects.

These deviations are not the product of a deliberate policy of non-conformity. Rather, they arise from:

(i) the structural characteristics of the Swiss legal system; (ii) the absence of comprehensive statutory codification; (iii) established judicial doctrines that predate or develop independently of the OECD TPG; and (iv) specific administrative practices shaped by Switzerland's role as a headquarters jurisdiction for multinational enterprises. Hereinafter we list the most relevant of these deviations.

The OECD TPG — particularly Chapter X on Financial Transactions (introduced in 2020) — require that intra-group loan pricing be determined through a full arm's length analysis. Swiss practice deviates significantly through the SFTA's annual safe harbour interest rate circulars, as mentioned above, which prescribe fixed maximum and minimum rates by currency.

BEPS Action 13 established a three-tiered documentation standard:

- Master File: Overview of the multinational group;
- Local File: Detailed information on material related-party transactions;
- Country-by-Country Report (CbCR): Aggregate data by

The OECD recommends that all three tiers be mandatory for taxpayers meeting specified thresholds. only the CbCR (for groups with consolidated revenue ≥ CHF 900 million), and solely as an exchange mechanism — not as a domestic filing obligation for substantive transfer pricing purposes. Since Switzerland has just adopted the minimum standards of the G20/OECD Inclusive Framework BEPS Project neither the Master File nor the Local File is required under Swiss domestic law.

This represents deviations from the OECD standard. The Swiss position is that:

- The burden of proof structure provides sufficient incentive for voluntary documentation;
- Mandatory documentation would impose disproportionate compliance costs; and
- The absence of formal requirements reflects the Swiss preference for administrative pragmatism over regulatory prescription.

The burden shift means that a taxpayer who has not maintained adequate contemporaneous documentation faces a significant disadvantage in audit proceedings — despite the absence of a formal documentation obligation.

7. What transfer pricing methods are recognised under local law?

Switzerland occupies a distinctive position in this regard. Consistent with its principles-based approach and the absence of standalone transfer pricing legislation, Swiss tax law does not codify a closed catalogue of permissible transfer pricing methods. Neither Art. 58 DFTA nor Art. 24 THA prescribes or enumerates specific pricing methodologies. The recognition and application of transfer pricing methods in Switzerland is instead governed by: (i) the interpretative reception of the OECD TPG; (ii) administrative publications; (iii) judicial pronouncements; and (iv) general principles of Swiss tax law — most notably the requirement of business justification.

With reference to the OECD TPG, Swiss tax authorities and courts assess each transaction on a case-by-case basis, selecting the transfer pricing method that best reflects the economic substance and characteristics of the transaction (“most appropriate method”).

In practice, Swiss tax law and practice recognises all five methods endorsed by the OECD TPG. The selection and application of the method must be supported by a thorough functional and risk analysis, in line with the OECD analytical framework, to ensure that the outcome reflects what unrelated parties would have agreed under comparable conditions. The Federal Supreme Court has endorsed the CUP method as the most direct measure of arm's length pricing. In BGE 140 II 88, the Court applied a comparable transaction analysis to assess the arm's length nature of an intra-group service fee. The preference for the CUP method — where applicable — reflects its direct alignment with the statutory standard of business justification: if comparable independent parties demonstrably pay the same price, the business justification is self-evident.

8. Is there a prescribed hierarchy or priority among the transfer pricing methods?

Swiss legislation does not prescribe a formal hierarchy among transfer pricing methods, except if direct CUPs are

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available. Instead, Switzerland applies the "most appropriate method" approach described in Chapter II of the OECD TPG, as mentioned above, under which the selected method should best reflect the economically relevant characteristics of the particular controlled transaction.

9. How are arm's length ranges determined in your jurisdiction, and do domestic tax rules, guidelines, or case law prescribe specific statistical methodologies or calculation approaches for interquartile ranges?

Swiss tax legislation does not prescribe a specific statistical methodology for determining arm's length ranges. In practice, benchmarking studies are typically conducted using comparable company data, and arm's length ranges are often determined using interquartile ranges, consistent with the statistical approaches described in Chapter III of the OECD TPG. Although not mandated by statute, this approach reflects established international transfer pricing practice and is generally accepted by Swiss tax authorities. The SSK/SFTA publication of January 2024 references the range concept and the use of statistical measures without prescribing a specific methodology beyond what the OECD TPG provide.

The arm's length range is constructed using smoothed multi-year comparable data, while the tested party's result is assessed on a strict annual basis. The asymmetry can produce adjustments in individual years where the tested party's cyclical low falls below a range constructed from smoothed (and therefore higher) comparable averages — even though the tested party's multi-year performance might be within range.

10. To what extent are comparability adjustments permitted in your jurisdiction, and which types of adjustments are most commonly applied or rejected by tax authorities?

Swiss legislation does not contain explicit statutory provisions governing the use of comparability adjustments in transfer pricing analyses. Nevertheless, in practice, Swiss tax authorities generally accept such adjustments where they enhance the reliability and accuracy of comparisons between controlled and uncontrolled transactions. This approach is aligned with the guidance set out in Chapter III of the OECD TPG, which emphasises that comparability adjustments may be appropriate where material differences between transactions can be reasonably quantified. In practical terms, a range of adjustments are commonly applied and accepted, provided they are supported by robust methodology and reliable data. These typically include working capital adjustments, which account for differences in receivables, payables, and inventory levels; accounting adjustments, which address inconsistencies in financial reporting standards; and capacity utilisation adjustments, which reflect differences in production levels or operational efficiency. The objective of these adjustments is to improve the comparability of financial indicators used in benchmarking analyses, thereby supporting a more accurate application of the arm's length principle. However, the acceptance of such adjustments is not automatic and depends heavily on the quality and transparency of the underlying analysis. Swiss tax authorities will generally scrutinise whether adjustments are economically justified, consistently applied, and based on verifiable data. Adjustments that are overly subjective, insufficiently supported, and/or that materially distort the results of the analysis may be rejected. As a result, while comparability adjustments are permitted and widely used in Switzerland, their acceptance ultimately hinges on the robustness and credibility of the taxpayer's approach.

11. What rules apply to year end transfer pricing adjustments in your jurisdiction, particularly in relation to statutory accounting requirements and their recognition for tax purposes?

Year-end retroactive or prospective transfer pricing adjustments may be used by multinational enterprises to correct margins where operational outcomes deviate from arm's length results (for example, due to tariff-driven cost increases). Retroactive adjustments can create practical challenges, particularly because customs authorities may not accept retroactive price changes for customs valuation purposes. Such adjustments may therefore generate disputes, penalties, or delays in customs contexts. However, operative transfer pricing management, i.e. the determination of transfer pricing in a manner that an arm's length result is derived from an intercompany transaction in each tax period becomes increasingly important, especially since a court decision in Canton Zug in 2024 (court reference A 2023/1; date 5. December 2024) rejected the concept of so-called "margin smoothing" over several tax periods.

12. Are secondary adjustments applied/included in the legislation in your jurisdiction?

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Secondary adjustments are not merely included in Swiss legislation — they are an automatic, structural, and unavoidable consequence of any transfer pricing adjustment involving a Swiss distributing entity. The mechanism operates through the withholding tax regime (Art. 4 para. 1 lit. b WTA), which treats every hidden profit distribution — including those identified through transfer pricing adjustments — as a taxable event triggering a 35% withholding obligation calculated on a grossed-up basis.

Switzerland occupies a distinctive and consequential position on secondary adjustments. Rather than treating them as an optional policy choice — as many jurisdictions do — the Swiss system automatically and necessarily generates secondary adjustment consequences through the operation of the withholding tax regime. This mechanism is not the product of a specific transfer pricing provision but flows from the general application of the WTA to hidden profit distributions. Switzerland occupies a distinctive and consequential position on secondary adjustments. Rather than treating them as an optional policy choice — as many jurisdictions do — the Swiss system automatically and necessarily generates secondary adjustment consequences through the operation of the withholding tax regime. This mechanism is not the product of a specific transfer pricing provision but flows from the general application of the WTA to hidden profit distributions.

The SFTA Q&A confirms the following positions:

1. Every transfer pricing adjustment involving a benefit flowing from a Swiss entity to a foreign related party (parent/sister) triggers withholding tax;
2. The withholding tax obligation arises at the time of the benefit provision — not at the time of the audit or assessment;
3. Late declaration penalties and default interest apply where the withholding tax was not reported and paid timely;
4. A repatriation (Rückerstattung / Rückleistung) of the excess amount by the foreign party may, under certain conditions, eliminate the withholding tax obligation;
5. The granting of a corresponding adjustment by the foreign jurisdiction does not automatically eliminate the Swiss withholding tax obligation — these are independent legal consequences.

Swiss practice recognises that the secondary adjustment consequences (withholding tax) may be avoided or reversed where the foreign recipient repatriates the excess amount to the Swiss company. A secondary adjustment (i.e. profit repatriation abroad) on the basis of a MAP should not be subject to Swiss withholding tax.

13. What statutory provisions, regulations, or administrative guidance govern the transfer pricing treatment of transactions involving intangibles in your jurisdiction, including any specific references to OECD Transfer Pricing Guidelines Chapter VI?

Swiss domestic legislation does not contain dedicated statutory provisions governing the transfer pricing treatment of intangible assets. Instead, the arm's length treatment of intangible-related transactions is assessed under the general profit determination provisions of Swiss tax law, including Article 58 of the FDTA, which addresses adjustments for hidden profit distributions. In practice, Swiss tax authorities rely heavily on the framework provided in Chapter VI of the OECD TPG, which sets out the analytical principles for identifying intangibles, determining ownership, and allocating returns associated with intangible assets. Accordingly, the analysis focuses on the economically relevant characteristics of the transaction, including functions performed (focussing on the so called "DEMPE"-concept, i.e. Development, Enhancement, Maintenance, Protection and Exploitation), assets employed and risks assumed by the parties involved.

14. How does your jurisdiction apply the DEMPE concept (Development, Enhancement, Maintenance, Protection, and Exploitation) when determining entitlement to intangible related returns?

Swiss tax authorities generally apply the DEMPE framework—Development, Enhancement, Maintenance, Protection, and Exploitation—in line with Chapter VI of the OECD TPG when determining entitlement to intangible-related returns. This framework serves as the central analytical tool for assessing how profits derived from intangibles should be allocated among entities within a multinational group. In particular, the allocation of such returns depends on which entities actually perform and control the economically significant DEMPE functions and assume the associated risks, rather than relying solely on contractual arrangements or legal ownership. Under Swiss practice, legal ownership of an intangible is not, in itself, sufficient to justify the allocation of residual or excess returns. Instead, tax authorities undertake a detailed functional and risk analysis to identify the entities that contribute to value creation. This includes

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examining which entities carry out the relevant DEMPE functions, which entities exercise control over the associated risks, and which entities possess the financial capacity to assume and bear those risks in economic terms. The interaction of these factors determines how profits should be attributed in accordance with the arm's length principle. Overall, this approach reflects a clear alignment with the OECD's post-BEPS framework, ensuring that intangible-related returns are allocated based on economic substance and actual conduct rather than formal ownership structures. As a result, Swiss transfer pricing practice places significant emphasis on demonstrating the real (value) contributions of group entities in the development and exploitation of intangibles.

15. What legal or administrative criteria determine which entity is entitled to intangible related returns (e.g., entities controlling economically significant DEMPE related risks)?

In Switzerland, entitlement to returns from intangibles is determined in accordance with the economic substance of the activities carried out, consistent with the analytical approach outlined in the OECD TPG. Swiss tax authorities focus on identifying which entity effectively performs the functions, assumes the risks, and controls the resources that are critical to generating the intangible's value. This approach ensures that the allocation of profits reflects the real economic contributions rather than merely the legal ownership of the intangible. Key criteria considered by the authorities include the performance of economically significant DEMPE functions of the intangible which indicate which party is materially responsible for value creation. Control over the risks associated with the development and exploitation of the intangible is also a central factor, as only entities with the ability and authority to manage these risks are typically entitled to the resulting returns. In addition, the financial capacity to assume such risks is examined, ensuring that the entity benefiting from the intangible is also capable of bearing potential losses or costs. Finally, Swiss authorities assess the alignment between contractual arrangements and actual conduct to confirm that documented agreements reflect substantive economic reality.

Overall, this framework mirrors the OECD guidance that returns from intangibles should be allocated to the entity that controls and assumes the economically significant risks, rather than automatically to the legal owner of the asset.

16. Does local law or administrative guidance provide specific rules for hard to value intangibles, including whether ex post outcomes may be used as presumptive evidence for testing ex ante assumptions?

Swiss tax law does not include explicit statutory provisions that specifically address hard-to-value intangibles, nor does it establish a distinct legal regime governing their treatment for transfer pricing purposes. Swiss tax law adheres to the principle that the arm's length character of a transaction must be assessed based on the facts, circumstances, and information available at the time the transaction was entered into — not with the benefit of hindsight (ex post).

- Under the OECD Hard-To-Value Intangibles ("HTVI") approach: Significant ex post deviation: presumption of non-arm's length burden shifts to taxpayer to rebut;
- Under Swiss practice: Ex post data: indicator of potential issue authority must independently demonstrate that ex ante assumptions were unreasonable burden remains with authority (subject to the standard bifurcated allocation).

Given the inherent uncertainty of intangible valuations, Swiss practice strongly encourages the use of advance rulings for significant intangible transfers. Swiss practice accepts — and in some contexts encourages — the use of price adjustment clauses in intangible transfer agreements.

17. Does local law or administrative guidance expressly recognise cost sharing or cost contribution arrangements for the development or use of intangibles, and what requirements must such arrangements meet under applicable rules?

Swiss legislation does not contain explicit statutory provisions that specifically regulate cost contribution arrangements (CCAs) for the development or use of intangibles. Nonetheless, in practice, Swiss tax authorities generally recognise CCAs if they are structured and executed in accordance with the arm's length principle. This recognition is guided by the analytical framework set out in Chapter VIII of the OECD TPG, which provides detailed guidance on evaluating cost sharing for intangible development. For a CCA to be respected for Swiss tax purposes, several key conditions

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typically must be satisfied. First, participants in the arrangement must share costs in proportion to the expected benefits they will derive from the intangible, ensuring that each party's contribution is economically justified. Second, participants should actively perform or control the relevant functions and assume the corresponding risks associated with the arrangement, demonstrating that each party bears an appropriate portion of responsibility. Third, all contributions—whether in cash, assets, or services—must be properly valued and documented to support the arm's length nature of the arrangement.

Failure to meet these requirements may lead the Swiss tax authorities to recharacterize the arrangement, treat certain contributions differently, or make transfer pricing adjustments to align with what would have been expected under arm's length conditions. Consequently, careful documentation and adherence to OECD principles are essential for the local acceptance of CCAs.

18. What transfer pricing information may be exchanged cross border, and subject to what legal conditions or limitations?

Switzerland actively participates in the international exchange of tax information under the framework of its double taxation agreements and established international transparency standards, reflecting its commitment to global tax cooperation and compliance. In practice, transfer pricing related information may be shared with foreign tax authorities through several distinct mechanisms. First, information can be exchanged upon request, whereby a treaty partner requests specific data relevant to the assessment of related-party transactions or potential transfer pricing adjustments. Second, Switzerland engages in the spontaneous exchange of tax rulings, which allows the Swiss tax authorities to proactively provide treaty partners with information about advance pricing agreements (APAs), unilateral, bi- or multilateral rulings, or other administrative decisions that may affect cross-border transactions. These mechanisms operate within the legal boundaries established by Swiss domestic law and international treaties, ensuring that the exchange of information is conducted in accordance with confidentiality requirements, procedural safeguards, and the specific limitations outlined in each applicable agreement.

Information must be foreseeably relevant to the requesting state's tax administration. It does not require certainty that information will be decisive; it is sufficient that it may be relevant. However, "Fishing expeditions" are prohibited — the request must identify the taxpayer, the tax period, and the information sought with sufficient specificity. A distinctive feature of the Swiss EOIR framework is the extensive procedural protection afforded to affected taxpayers. The Swiss procedural framework — while ensuring robust taxpayer protection — can result in significant delays (12–24 months or more) between the receipt of a request and the actual transmission of information.

19. To what extent may exchanged information be relied upon in transfer pricing assessments or litigation?

Information obtained through international exchange of information procedures may be relied upon by Swiss tax authorities in the context of transfer pricing audits, tax assessments, and, where relevant, litigation proceedings. This is subject to the condition that such information has been obtained in accordance with the applicable legal framework, including the provisions of relevant double tax treaties and the associated confidentiality and due process requirements. In addition, the use of such information is consistent with the standards and mechanisms promoted by the OECD, particularly as reflected in its work on transparency and exchange of information. Where these conditions are met, the information is considered admissible and may be integrated into the evidentiary basis used by the authorities. In practice, exchanged information can play an important role in assessing whether a taxpayer's transfer pricing arrangements comply with the arm's length principle. For example, it may provide insight into the treatment of corresponding transactions in other jurisdictions, the existence of advance pricing agreements or tax rulings granted abroad, or the financial and functional profiles of related entities. Swiss tax authorities may use such information as supporting evidence to corroborate their analysis or to challenge the assumptions and documentation provided by the taxpayer.

However, the use of such information remains subject to procedural safeguards, including restrictions on its use for purposes other than those permitted under the relevant treaty and the obligation to maintain taxpayer confidentiality. As a result, while exchanged information can significantly influence transfer pricing assessments, its use is carefully circumscribed by legal and administrative constraints.

20. What statutory or regulatory transfer pricing

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documentation requirements apply in your jurisdiction (including any master file, local file, or country by country reporting obligations)?

Switzerland has not introduced statutory transfer pricing documentation requirements such as mandatory master file or local file rules, except for CbCR. Although Swiss law does not impose a formal requirement to prepare master file and local file documentation, taxpayers are nevertheless expected to substantiate that their related-party transactions comply with the arm's length principle. This obligation arises from the general duty of cooperation with the tax authorities, which requires taxpayers to provide sufficient information and supporting evidence to justify their tax positions upon request. As a result, while there is no prescriptive documentation regime, the practical burden of proof effectively rests with the taxpayer in the event of a tax audit or inquiry, as mentioned above. In this context, it is common practice for taxpayers — particularly multinational enterprises with significant intercompany transactions —to prepare transfer pricing documentation aligned with the analytical framework set out by the OECD in the OECD TPG.

Such documentation typically includes descriptions of intercompany transactions, functional and risk analyses, and the selection and application of appropriate transfer pricing methods. Although not legally mandated, this approach is strongly recommended as it facilitates demonstrating compliance with the arm's length principle and can significantly reduce the risk of adjustments or disputes during audits.

21. Who is required to prepare transfer pricing documentation, and what thresholds or conditions trigger the obligation?

In Switzerland, there is no formal statutory requirement that explicitly obliges taxpayers to prepare transfer pricing documentation (master file or local file); reference is made to above. In practice, this means that multinational enterprises and other entities with significant intercompany dealings are expected to maintain appropriate documentation—such as functional analyses, transfer pricing methods, and benchmarking studies—to support their pricing policies. Failure to provide adequate substantiation may result in adjustments by the Swiss tax authorities, even in the absence of a direct statutory documentation requirement, thereby effectively creating a de facto expectation for proper transfer pricing documentation.

For CbCR the threshold is CHF 900 million consolidated revenue p.a.

22. What are the timing requirements for preparing and submitting transfer pricing documentation, and must documentation be contemporaneous?

Switzerland has not introduced formal statutory transfer pricing documentation requirements (except of CbCR), and therefore there are no specific timing rules comparable to those applicable in jurisdictions with master file or local file obligations. Nevertheless, taxpayers are required to substantiate that related-party transactions comply with the arm's length principle as part of their general duty to cooperate with the tax authorities during tax audits or assessments. Consequently, taxpayers are expected to maintain documentation that can support the transfer pricing position if requested by the authorities. Although not formally required, documentation prepared contemporaneously is generally considered best practice and helps demonstrating compliance with the arm's length principle as described in Chapter V of the OECD TPG.

If CbCR needs to be filed, the filing needs to be conducted within 12 months after the respective reporting period. However, it should be noted that if the obligation to file a CbCR arises, the taxpayer must register with the Swiss Federal Tax Administration within 90 days after the (initial reporting period ends).

23. What penalties or sanctions apply for failure to prepare, maintain, or submit compliant transfer pricing documentation?

Generally, tax adjustments to values determined at the discretion of the authorities – as with transfer pricing – do not have criminal consequences. However, this principle only applies to the extent that the provisions of commercial law have not been violated, and that the relevant transactions have been correctly presented in accordance with commercial law. However, violations of the arm's length principle can still be considered unlawful tax evasion or tax fraud in certain circumstances and, as such, be subject to penalties. This occurs when basic principles of transfer pricing have been grossly neglected, making the violation of the arm's length principle obvious to the company or relevant individuals. In such cases, it can be assumed that the transfer prices were deliberately set in violation of the arm's length principle. Furthermore,

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ignoring an earlier correction by the tax authorities could also constitute a violation of the arm's length principle and lead to prosecution. This would be the case if the tax authority had objected to an assessment in previous tax periods, for example, and the taxpayer had stuck to the original estimate or approach without disclosing this to the tax authority.

In the case of tax evasion (or fraud), penalties may be imposed on all relevant taxes. For example, a transfer price-induced adjustment by the tax authority concerning corporate income tax may have consequences for withholding tax or VAT. In the case of corporate income tax, penalties are determined based on the amount of tax unlawfully evaded, whereas if the respective year has already been finally assessed, the potential penalty is determined differently.

For delayed CbCR filing the Swiss Federal Tax Administration may impose penalties, i.e. 200 Swiss francs per day of the delay with a maximum penalty of 50'000 Swiss francs. Furthermore, penalties up to 100'000 Swiss francs may be imposed, if the CbCR is untrue or incomplete and as such significantly distorts the information sought and gives a false impression of the actual circumstances.

24. Are there specific transfer pricing reporting requirements in relation to the filing of the corporate tax return (e.g. specific forms on intra group transactions or special disclosures on compliance)?

Swiss corporate income tax returns do not contain specific transfer pricing reporting forms requiring detailed disclosures of intra-group transactions. As mentioned, Switzerland participates in the CbCR framework for large multinational enterprise groups under the OECD BEPS Action 13 minimum standard, which requires qualifying multinational groups to file a country-by-country report with the Swiss Federal Tax Administration. These reports are exchanged with other tax authorities under international exchange-of-information agreements.

25. Are advance pricing agreements (APAs) available under the laws or administrative guidance of your jurisdiction, and what is their legal basis?

Yes, both unilateral and bilateral advance pricing agreements (APAs) are available in Switzerland, even though they are not governed by a detailed or codified statutory framework in domestic law. Instead, their legal basis is derived from general principles of Swiss tax administration and established ruling practice. In practical terms, APAs are typically concluded in the form of tax rulings agreed between the taxpayer and the Swiss Tax Administrations, providing prospective certainty on the transfer pricing treatment of specific transactions or arrangements. This administrative approach allows for flexibility but also means that the process is less formalised than in jurisdictions with explicit legislative provisions governing APAs.

In substance, Swiss APAs are grounded in the analytical framework set out in the OECD TPG, which guide the determination of arm's length pricing and the evaluation of underlying functions, assets, and risks. The reliance on OECD principles ensures that Swiss APAs are broadly aligned with international standards, facilitating consistency in cross-border contexts. As a result, while the legal foundation of APAs in Switzerland is primarily administrative rather than statutory, they remain a well-established and effective tool for managing transfer pricing risk and preventing disputes.

APAs have become a favoured option for Swiss-based international groups with complex or high-volume transactions. In practice, the procedure starts with a presentation of the facts and a formal request to the SIF, the competent authority in Switzerland. In 2023, 77 APA proceedings were opened, and 75 of the 308 pending APA proceedings have been closed. The SIF has published guidance on APAs.

26. What types of APAs are permitted (unilateral, bilateral, and/or multilateral), and are there any statutory or treaty based limitations on their use?

Switzerland permits a full range of APA types, including unilateral, bilateral, and multilateral APAs, thereby providing taxpayers with flexible mechanisms to obtain prospective certainty on the transfer pricing treatment of their cross-border transactions. Unilateral APAs are concluded between the taxpayer and the Swiss tax authorities (on cantonal and/or federal level) only, and while they can offer administrative convenience, they do not eliminate the risk of double taxation in other jurisdictions (they are subject to the SEOI). In contrast, bilateral and multilateral APAs involve one or more foreign tax authorities and are therefore generally preferred in cases where cross-border alignment is necessary. These agreements are typically negotiated and concluded through the Mutual Agreement Procedure (MAP) provision provided for under applicable double tax treaties, ensuring coordination between the relevant

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jurisdictions. In this context, the SIF acts as the competent authority representing Switzerland in negotiations. There are no strict statutory limitations on the availability of APAs in Switzerland. However, their use is inherently shaped by the scope of applicable tax treaties and the willingness of the involved jurisdictions to reach agreement in practice.

In practice, an APA will cover three to five years. However, Switzerland does not have specific time limitations that an APA may or may not cover. Rather, the period to be covered by an APA has to be decided depending on the characteristics of the case at hand and is subject to negotiations. Hence, the duration is typically a trade-off between administrative/economic reasoning and uncertainty concerning the possible future development of the transactions that are the subject of the APA.

27. What are the safe harbour rules or simplified measures available for certain transactions or taxpayers, if any?

Swiss administrative practice provides for unilateral safe-harbour rules in the area of intercompany financing transactions, offering taxpayers a simplified approach to demonstrating compliance with the arm's length principle. These rules typically specify acceptable interest rate ranges for loans and advances between related parties, thereby reducing the need for a detailed and resource-intensive comparability analysis in straightforward cases. As such, they are intended to enhance administrative efficiency and provide a degree of certainty for taxpayers engaging in routine financing arrangements within multinational groups. However, these safe-harbour provisions represent a domestic administrative simplification and therefore constitute a departure from the more rigorous analytical framework set out in the OECD TPG, which generally require a case-by-case evaluation based on comparability factors.

While widely applied in practice, the Swiss safe-harbour rules are not binding in all circumstances and may be set aside where the facts and conditions of a transaction indicate that a different arm's length outcome would be more appropriate. Furthermore, the safe-harbour provisions do not concern any assessment on economic reasoning of establishing the respective financing transaction. Respective analysis needs to be conducted despite applying the safe-harbour provisions. In addition, as Switzerland generally applies the OECD Transfer Pricing Guidelines, Swiss tax authorities generally accept the application of the Low Value-Adding Intra-Group Services concept under Chapter VII, Section D of the OECD Transfer Pricing Guidelines. This concept covers intra-group services that are supportive in nature, not part of the multinational group's core business, do not require unique and valuable intangibles, and do not create significant risk—typical examples include HR, accounting, IT support, and compliance services. For these services, the Guidelines provide safe harbour considering a profit mark-up of 5% on a full-cost base to be in line with the arm's length principle and eliminating the need for full benchmarking analyses.

28. How has the nature of transfer pricing audits evolved in your jurisdiction over the past two to three years—more targeted, or more expansive and data driven?

Swiss tax authorities have adopted a more structured risk-assessment approach consistent with the OECD guidance, which emphasises that effective risk identification and assessment is a key preliminary step in selecting cases for transfer pricing audits and focusing resources on higher-risk arrangements. Audits therefore tend to focus on specific transactions or structures that present elevated risk, such as intercompany financing, intangible property arrangements, and principal-distribution models, rather than broad, routine reviews concerning not only cross-border, but also domestic, i.e. inter-cantonal, transactions between related parties. At the same time, authorities increasingly rely on financial data, benchmarking analyses, and information obtained through international transparency measures such as CbCR to assess whether related-party transactions comply with the arm's length principle. While transfer pricing examinations in Switzerland remain relatively pragmatic and often embedded within general corporate tax audits, they have become more sophisticated and analytically driven in line with OECD best practices. Financial intercompany transactions remain a focus area during tax audits, a targeted audit approach toward high-risk areas such as intra-group financing arrangements is recommendable.

29. How developed is domestic case law, and does it meaningfully shape practice, or are outcomes still driven primarily by tax authorities?

Recent court cases at both the cantonal and federal levels have played an increasingly important role in shaping the development of transfer pricing practice in Switzerland, particularly in areas such as the determination of appropriate cost bases for routine activities and the management of profitability across tax periods. These decisions have provided greater clarity on

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how the arm's length principle should be applied in specific factual circumstances. Overall, these developments indicate that domestic case law is relatively well-developed and continues to meaningfully influence practical transfer pricing outcomes in Switzerland, even though the Swiss tax authorities still play a central role in driving audit approaches and initial assessments.

30. What types of transactions or structures (e.g., IP migration, platform contributions, financing, residual profit allocations) have most frequently triggered transfer pricing adjustments or disputes with the tax authority?

Financial intercompany transactions have consistently represented a key focus area in transfer pricing audits conducted by the Swiss tax authorities, particularly due to the inherent challenges in assessing whether the terms and conditions—such as interest rates, guarantees, and repayment structures—comply with the arm's length principle. These transactions often attract scrutiny because they can significantly affect the allocation of taxable profits within multinational groups. In addition to financing arrangements, recent developments indicate a growing level of scrutiny in situations involving complex cross-border supply chains, including principal structures in which significant risks and decision-making functions are centralized in one jurisdiction, as well as arrangements involving contract manufacturers or limited-risk distributors. Furthermore, Swiss tax authorities have increasingly examined margin management practices, especially where profitability is influenced by external factors such as tariff-related cost fluctuations. In such cases, particular attention is paid to whether the economic impact of these fluctuations is being allocated between related parties in a manner consistent with their functional profiles and risk assumptions under the arm's length principle.

31. Looking five years ahead, which development is likely to reshape transfer pricing practice most profoundly in your jurisdiction—digital business models, fiscal and political pressure on tax authorities, administrative capacity, or other structural changes?

Looking ahead over the next five years, geopolitical and trade policy developments—particularly the increasing volatility of tariff regimes observed since 2025—are likely to play a central role in reshaping transfer pricing practice in Switzerland. These developments introduce a higher degree of uncertainty into global trade flows and cost structures, requiring multinational enterprises to continuously reassess how intra-group transactions are priced and how risks are allocated across jurisdictions. For Swiss-based groups with complex international supply chains, such external shocks can have immediate and material implications for profitability and the alignment of transfer pricing policies with economic reality. A key area of growing importance is the interaction between transfer pricing and customs valuation, which has traditionally been addressed separately but is now becoming more closely intertwined. Changes in tariffs can directly influence the pricing of goods transferred within a group, thereby affecting both customs duties and taxable profits. As a result, tax authorities are increasingly attentive to whether companies adopt consistent positions across these domains. This creates a need for more integrated and coordinated transfer pricing and customs strategies, ensuring that intra-group pricing reflects both regulatory frameworks in a coherent manner. In particular, rapid and unpredictable tariff changes may alter cost bases, profit margins, and the allocation of economically significant risks within multinational groups. This, in turn, necessitates frequent adjustments to transfer pricing models to remain aligned with the arm's length principle as articulated in the OECD TPG.

Besides this, the fiscal and political pressure dynamic in Switzerland is qualitatively different from that in jurisdictions facing acute revenue needs.

Switzerland's fiscal discipline, cantonal tax competition, and dependence on multinational headquarters investment create a countervailing force against aggressive enforcement:

- Upward pressure (toward more enforcement): International peer review; OECD expectations; equity concerns; need to demonstrate compliance with BEPS minimum standards;
- Downward pressure (toward restraint): Cantonal competition for corporates; economic dependence on multinational presence; political consensus favouring business-friendly environment; risk of relocation if enforcement becomes disproportionate.

The net effect is likely a modest tightening of enforcement — particularly for transactions involving low-tax jurisdictions or aggressive structures — rather than a fundamental shift toward revenue-maximising audit practices.

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