

The controlled foreign company rules in brief

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Where an Italian resident controls a Swiss company, the Italian controlled foreign company rules of Article 167 TUIR may attribute the Swiss company's income to the Italian controlling person. Chapter F.II analyses the two conditions: an effective taxation lower than half of the Italian tax and more than one third of income from passive or low-value categories. It also describes the simplified test based on an accounting effective rate of 15 per cent and the option for a substitute tax introduced in 2023, as well as the exemption for genuine economic activity. For an operating company in Ticino with real activity and a profit tax of about 16 per cent, the rules seldom apply. They become relevant for owner-managed holding and service companies, where much of the income consists of dividends, interest, royalties or intra-group services. They are also relevant where the entrepreneur has not yet completed his own move, so that during the transition he is an Italian resident controlling a Swiss company.

1 Value added tax on both sides

Value added tax follows the business. A Swiss company that supplies goods or services in Switzerland must register for Swiss VAT if its worldwide turnover from taxable supplies reaches CHF 100,000. The standard rate is 8.1 per cent and the reduced rate 2.6 per cent.¹ A foreign company without a Swiss domicile that becomes liable to Swiss VAT must appoint a tax representative domiciled in Switzerland and may be required to provide security, which the Swiss Post's guidance for Italian businesses puts at 3 per cent of the taxable Swiss turnover, with a minimum of CHF 2,000 and a maximum of CHF 250,000.²

A Swiss company that becomes liable to Italian VAT, for example because it holds stock in an Italian warehouse or makes supplies that are taxable in Italy, cannot identify itself directly for Italian VAT purposes. Direct identification under Article 35-ter of Presidential Decree No. 633 of 1972

is available only to operators established in EU member states and in third countries with which Italy has an agreement on mutual assistance in indirect taxation, such as Norway. Operators from other third countries, including Switzerland, must appoint a fiscal representative under Article 17 paragraph 3 of the decree.³ Goods that cross the border also attract customs formalities and import VAT, because Switzerland is outside the EU customs union. For a manufacturing business that moves its sales company to Ticino while production stays in Lombardy, the VAT and customs flows must therefore be designed before the first invoice is issued.

2 Notes

1. Swiss Post, guidance on Swiss tax representation for Italian businesses, 22 September 2026, <https://international.post.ch/it/blog/rappresentanza-fiscale-svizzera> (rates of 8.1 and 2.6 per cent; threshold of CHF 100,000). Federal Act on Value Added Tax of 12 June 2009 (VAT Act), SR 641.20, Art. 10 para. 2 lit. a ("innerhalb eines Jahres im In- und Ausland weniger als 100 000 Franken Umsatz"), <https://www.droit-bilingue.ch/de-fr/6/64/641.20-10-13.html>. ↩
2. Swiss Post guidance (above) ("3 % del fatturato annuo imponibile in Svizzera pari a un minimo di CHF 2'000.– fino a un massimo di CHF 250'000.–"). VAT Act, Art. 67 para. 1 ("eine Vertretung zu bestimmen, die im Inland Wohn- oder Geschäftssitz hat"), <https://www.droit-bilingue.ch/de-fr/6/64/641.20-67-74.html>, and Art. 93 (security, forms of security in para. 7), <https://www.droit-bilingue.ch/de-fr/6/64/641.20-93-105.html>. ↩
3. Guido Costa, "Identificazione in Italia dei soggetti non residenti", FiscoeTasse, 8 March 2021, <https://www.fiscoetasse.com/approfondimenti/14035-identificazione-in-italia-dei-soggetti-non-residenti.html> ("L'identificazione diretta è invece preclusa agli operatori economici stabiliti in tutti gli altri paesi terzi"). ↩

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