
Switzerland: New social security treaty between Switzerland and China

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In brief

A social security treaty between Switzerland and the People's Republic of China (China) will enter into force on 19 June 2017. The maximum posting period is 72 months. For the duration of the posting employees (regardless their nationality) are exempt from the compulsory insurance obligations of the country of occupation which are covered in the social security treaty. As from 19 June 2017 it will be possible to obtain a Certificate of Coverage.

In detail

Transitional period Swiss Outbounds

Employees who are currently posted from their Swiss employer to China, and who remained covered by the Swiss social security system, can apply for a Certificate of Coverage (CoC) from 19 June 2017 onwards. They will then be exempt as of 19 June 2017 from Chinese mandatory social security contributions, according to the social security treaty between Switzerland and China (provided a Certificate of Coverage was obtained).

Swiss Inbounds

Employees who are currently posted from their Chinese

employer to Switzerland can apply for a Certificate of Coverage effective from 19 June 2017. They will then be exempt as of 19 June 2017 from Swiss social security contributions (AHV/AVS, IV/AI, EO/APG, ALV/AC, BVG/LPP).

Medical insurance (KVG/LAMal) and accident insurance (UVG/AAC) must be clarified separately and on a case by case basis.

Retrospective Certificate of Coverage applications must be submitted to the Swiss and Chinese authorities within 3 months following the 19 June 2017.

The employees (depending on the nationality) who contributed to the AHV/AVS and who are permanently leaving Switzerland can request a refund of their AHV/AVS contributions.

The takeaway

With the entry of the social security treaty into force, it would save a social security burden that employers usually cover for expatriate employees moving between Switzerland and China.

Employers with such expatriates should review the social security record of each employee concerned to make most of the agreement.

Let's talk

For a deeper discussion of how these issues might affect your business, please contact the following representatives from PwC Switzerland:

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