

---

# 02 Legal Status

---

**You want to create a business, but which legal status should you choose?**

This chapter lays out the options available to you, as well as the legal steps towards setting up a business.



# Contents

---

P.24	<b>01. Sole proprietorship and partnerships</b> Sole proprietorship General partnership (SNC)
P.27	<b>02. Companies with share capital</b> Limited liability company (Sàrl) Public limited company (SA)
P.35	<b>03. Other legal statuses</b> Cooperative company Association
P.41	<b>04. Branch</b>
P.42	<b>05. Setting up an SA/Sàrl in the canton of Geneva</b>
P.44	<b>06. Advantages and disadvantages</b> Sole proprietorship over SA or Sàrl status SA over Sàrl
P.46	<b>07. Legal fees for setting up a commercial business in Geneva</b> Costs of creating a SA, Sàrl or cooperative
P.48	<b>Useful addresses</b>

---

# There are several options to choose from:

---

## 1. Sole proprietorship and partnerships:

This legal status costs almost nothing to set up, but you are then responsible for the debts on all of your property (including your private property):

- Sole proprietorship
- General partnership (SNC)

---

## 2. Companies with share capital:

This type of company is more expensive to set up, but your liability as an owner is limited to your equity stake (criminal liability excepted):

- Limited liability company (Sàrl)
- Public limited company (SA)
- Cooperative

---

## 3. Associations

Associations are inexpensive to set up, and your liability is limited by the legal entity.

---

## 4. Branch

A commercial establishment which, depending on the main company to which it belongs legally, carries out a similar activity to that of the main company.

There are also other types of companies (e.g. foundations, limited partnerships) intended to meet specific objectives (namely managing the company's own assets).

**These types are not covered in this guide.**

# 01. Sole proprietorship and partnerships

## Sole proprietorship

<b>Number of partners</b>	<p>A natural person. Sole proprietorship is assimilated to the business owner.</p> <p>He/she must be Swiss or hold a C permit or be a European Union citizen with a G permit or a B permit.</p>
<b>Legal entity</b>	<p>No legal entity. Assimilated to the business owner.</p>
<b>Set-up process</b>	<p>Registration required with an OASI fund ("caisse AVS") (to formalise the start-up).</p>
<b>Commercial register (RC)</b>	<p>Registration required if gross annual revenue exceeds CHF 100,000 (Art. 36 CRO).</p>
<b>Business name</b>	<p>The account holder's surname (with or without first name) must make up the business name's essential element (Art. 945, para. 1 CO). Additions are permitted, subject to the general provisions on the creation of business names.</p>
<b>Share capital</b>	<p>No capital.</p>
<b>Shares</b>	<p>No shares.</p>
<b>Articles of association</b>	<p>Not applicable.</p>
<b>Decisions</b>	<p>By the business owner.</p>
<b>Management and representation</b>	<p>By the business owner. May confer powers of representation and signing authority to third parties.</p>
<b>Liability</b>	<p>Personal unlimited liability (including for private property) belongs to the business owner for debts incurred by the business.</p>
<b>Partner rights and duties</b>	<p>No partners.</p>
<b>Accounting</b> (see separate chapter)	<p>Required as a summary (statement of revenue, expenditure and assets) for sole proprietorships with a turnover of less than CHF 500,000. For a turnover of more than CHF 500,000, accounts must be kept and presented in accordance with the rules in effect (double entry bookkeeping in line with the accepted accounting standard).</p>

<b>Taxation</b> <i>(see separate chapter)</i>	No double taxation. Liability belongs to the business owner for self-employment.
<b>Dissolution</b>	By bankruptcy or voluntary deregistration.
<b>Comments</b>	The “lightest” legal status.
<b>OASI/IV/EO</b>	Business owner = self-employed.
<b>Comment</b>	Sole proprietorship is equivalent to self-employed status.

## General partnership (SNC)

<b>Number of partners</b>	Minimum: 2 natural persons (Art. 552 CO).
<b>Legal entity</b>	None. The company can however acquire rights, make contracts, take action and take or be taken to court (quasi-legal entity).
<b>Set-up process</b>	A contract is signed between the partners that determines the name of the company, its purpose and the legal relationships between the partners (in particular the contributions made by each partner), followed by registering with the commercial register.
<b>Commercial register (RC)</b>	The partners must register with an OASI fund. Registration required: <ul style="list-style-type: none"> <li>• trading company: tax registration (Art. 552 para. 2 CO),</li> <li>• non-trading company: statutory registration (Art. 553 CO).</li> <li>• Application signed by all partners.</li> <li>• Signatures of the managing partners filed.</li> </ul>
<b>Business name</b>	Free.
<b>Share capital</b>	No legal limit.
<b>Shares</b>	No shares, but compulsory contributions. Then distribution of profits and losses according to contract. The contract may provide for interest payments on each partner's assets.
<b>Articles of association</b>	Not applicable.
<b>Decisions</b>	In the absence of contractual rules, limited partnership rules.
<b>Voting system</b>	According to company contract.
<b>Management</b>	In the absence of contractual rules or a contrary decision by the partners, management is the responsibility of all the partners.

<b>Representation</b>	Unless otherwise provided for in the RC, each partner has the right to represent the company and therefore to carry out any legal act required by the business purpose in the name of the company.
<b>Liability</b>	<p>Of the company: responsible for liabilities made in its name by a managing partner and for illegal acts committed by the partners when managing company affairs.</p> <p>Of the Partners vis-à-vis third parties: joint unlimited liability belongs to all partners for company debts; company assets provided for first (subsidiary liability).</p> <p>Of anyone who enters into a general partnership is jointly and severally liable for existing debts on all of their assets. Creditor action against a partner lapses 5 years after the partner's departure or after the company's dissolution.</p> <p>Between partners: according to the partnership contract.</p>
<b>Partner rights and duties</b>	<ul style="list-style-type: none"> <li>• Right of control; approval of annual accounts and distribution of profits. Non-competition clause.</li> <li>• Right to profits, interest and fees for the past financial year, as well as to the liquidation entitlement.</li> </ul>
<b>Accounting</b> <i>(see separate chapter)</i>	<p>Required as a summary (statement of revenue, expenditure and assets) for general partnerships with a turnover of less than CHF 500,000. For a turnover of more than CHF 500,000, accounts must be kept and presented in accordance with the rules in effect (double entry bookkeeping in line with the accepted accounting standard).</p> <p>It is recommended to keep detailed separate accounts for each partner, because each person's situation with respect to the company may change over time.</p>
<b>Taxation</b> <i>(see separate chapter)</i>	Each partner has individual liability.
<b>Dissolution</b>	<p>By declaring bankruptcy. Liquidation can also be decided when consent is given by all the partners or by a majority if this situation is provided for in the partnership contract.</p> <p>Cases of dissolution for limited partnerships are also applicable (Art. 545 CO).</p>
<b>Comment</b>	One partner leaving a general partnership of 2 partners, with the business continuing through the other partner (registered with the RC), does not terminate the company, but the remaining partner cannot continue to operate the business as a general partnership.
<b>OASI/IV/EO<sup>1</sup></b>	Partners = self-employed.

<sup>1</sup> \*Old-Age and Survivors' Insurance/Disability Insurance/Income Compensation (AVS/AI/APG)

# 02. Companies with share capital

## Limited liability company (Sàrl)

<b>Founders</b>	One or more persons (natural or legal) or trading companies can set up a Sàrl (foundations with a sole shareholder eligible).
<b>Legal entity</b>	Full.
<b>Set-up process</b>	Capital deposited into a deposit account (in the event of contributions in kind, an expert must certify the value).  Authenticated deed and articles of association signed in the presence of a solicitor. The solicitor will also take care of registering the company with the commercial register.
<b>Commercial register (RC)</b>	Statutory registration required (Art. 779, para. 1 CO).  Application signed by one or two managers authorised to represent the company as a sole or collective signatory.  Certified copy of the authenticated deed and articles of association (with proof of subscription and full payment of share capital).
<b>Share capital</b>	Minimum CHF 20,000 (Art. 773 para. 1 CO). No upper limit.  Can be paid in cash or in kind.  The capital can be fixed in an authorised foreign currency, i.e. currently in GBP, EUR, USD or JPY (Art. 773 para. 2 CO; Annex 3 CRO).
<b>Shares</b>	Initially, any value greater than 0 (Art. 774 para. 1 CO); at least one share per partner; paid in full to the foundation.

## Articles of association

Compulsory, must contain provisions on:

- the business name,
- the headquarters,
- the business purpose,
- the amount of share capital, the number and par value of shares, and
- the legal form to be observed for company announcements and for communications to partners.

The law provides for a number of possible adjustments to the rights and obligations of partners, which must be included in the articles of association, namely establishing veto power, a right of pre-emption on shares, a non-competition clause and obligations for making additional payments (Art. 795, 796, 803 CO).

The law provides for possible exceptions concerning the holding of the partners' meeting, which must be included in the articles of association, in particular the holding abroad (Art. 701b and 805 para. 5 CO), and/or in electronic form and without a physical meeting place ("virtual meeting"; Art. 701d and 805 para. 5 CO).

The law allows disputes relating to company law, typically those between the company, its bodies and/or partners, to be submitted, by statutory means, to arbitration rather than to the jurisdiction of civil courts (Art. 697n and 797a CO).

## Functions of the partners' general meeting

The partners' general meeting is the company's supreme power. Its non-transferable rights include (Art. 804 CO):

- modify the articles of association,
- appoint and dismiss managers, to determine their salary, and give them discharge,
- approve the annual accounts, determine the use of the profit resulting from the balance sheet and set dividends,
- dissolve the company.

## Decisions

In principle: each partner's voting right is proportional to the par value of their shares, except for certain purposes (equality of shares for designating members of the audit body, appointing the specialists responsible for verifying all or part of the management, and the decision to open a liability action).

Statutory exception: regardless of its par value, each share may give the right to one vote; the difference in terms of par value cannot, however, exceed the ratio of 1 to 10.



## Management and representation

All partners, collectively or assigned by the articles of association, have powers of management and representation for:

- one or several partners or
- third parties.

**At least one person authorised to represent the company (a manager or, failing that, senior management) should be domiciled in Switzerland. When there is collective representation, a sufficient number of signatories authorised to legally represent the company must be domiciled in Switzerland (Art. 814 para. 3 CO).**

Only natural persons can be appointed as managers.

If a trading company has partner status, where applicable, it appoints a natural person as manager.

If the company has several managers, the partners' general meeting appoints one of them as chairman, unless the articles of association leave the managers the capacity to organise themselves. It may revoke appointed managers at any time.

If the company has several managers, management decisions are taken by a voting majority. The chairman gets the casting vote, unless the articles of association make different provisions.

## Liability

The liability of the founders, managers, controllers and liquidators is subject by analogy to the rules stipulated for public limited companies.

Company held liable exclusively: responsible for debts for all company property.

## Partners' rights and duties

Each partner's voting right is in principle proportional to the par value of their shares, with each person having at least one vote.

Each partner has the right to ask managers for information on all company affairs; when there is an audit body, each partner only has the right to consult the books and documents where legitimate interest applies.

Right to profit, proportional to the par value of shares.

Tag-along rights may be provided for in the articles of association, according to predetermined conditions.

## Accounting

*(see separate chapter)*

Compulsory. Must be maintained with the care and detail required by the nature and scope of the business. Presents the company's financial situation, accounts payable and receivable, and financial year results.

Directors must in particular monitor the solvency of the company at all times and take corrective measures as soon as there is a risk of insolvency (Art. 725 and Art. 820 CO).

<b>Audit body</b> (see separate chapter)	<p>In principle, an audit body is compulsory. It carries out a regular or limited audit according to the criteria set by Sàrl law (Art. 727 et seq. CO via reference to Art. 818 para. 1 CO).</p> <p>It is possible for the Sàrl to do without an audit body (“opting out”) if the following three conditions are all met (Art. 818 para. 1 and 727a para. 2 CO):</p> <ul style="list-style-type: none"> <li>• all partners consent to it,</li> <li>• the Sàrl is only subject to limited audits,</li> <li>• the Sàrl workforce does not exceed an annual average of ten full-time jobs.</li> </ul>
<b>Taxation</b> (see separate chapter)	<p>Federal tax on net profit.</p> <p>Cantonal tax on net profit and capital.</p> <p>Municipal trade tax (where applicable; depends on the company’s municipality).</p>
<b>Dissolution</b>	By decision of the partners’ general meeting, with at least 2/3 of the partners represented and the absolute majority of the share capital authorised to vote (the articles of association may provide for a greater majority, Art. 808b CO). By declaring bankruptcy, or by other reasons provided for by law (Art. 821 CO) or by the articles of association.
<b>Comments</b>	<p>Shares may be difficult to transfer (compulsory to request and submit all documents relating to the transfer of shares to the RC).</p> <p>Furthermore, the law does not guarantee partners - except with just cause - the right to freely leave the company, but the articles of association can confer this right on them and make exercising this right subject to specific conditions (Art. 822 CO).</p> <p>If the company does not have all the stipulated bodies, or a body does not comply with regulations, a partner, creditor or RC representative may request the necessary corrective measures from the court (Art. 731b and Art. 819 CO).</p>
<b>OASI/IV/EO</b>	Partners not subject unless they are also employed by the Sàrl (and are then only subject to an OASI/EO fund in this capacity). Percentage ownership, fixed allowances and attendance fees among members of the administration and governing bodies are subject to OASI.

## Public limited company (SA)

<b>Founders</b>	One or more persons (natural or legal) or trading companies can found an SA (foundations with a sole shareholder eligible).
<b>Legal entity</b>	Full, SA assets are the sole liability for social debts.

<b>Set-up process</b>	<p>Capital deposited into a deposit account (in the event of contributions in kind, an expert must certify the value).</p> <p>Authenticated deed and articles of association signed in the presence of a solicitor. The solicitor will also take care of registering the company with the commercial register.</p>
<b>Commercial register (RC)</b>	<p>Statutory registration required (Art. 640 and Art. 643 para. 1 CO).</p> <p>Application signed by one or more directors authorised to represent the company as a sole or collective signatory.</p> <p>Certified copy of the authenticated deed and articles of association (with proof of subscription and full payment of share capital).</p>
<b>Share capital</b>	<p>Minimum CHF 100,000, of which 20% (but min. CHF 50,000) must be paid at the creation (Art. 621 and 632 CO). No upper limit.</p> <p>The capital can be fixed in an authorised foreign currency, i.e. currently in GBP, EUR, USD or JPY (Art. 621 para. 2; Annex 3 CRO).</p>
<b>Shares</b>	<p>Registered shares, with a par value greater than 0 (Art. 622 para. 4 CO).</p> <p><b>Since 1 November 2019 with the Federal Act on Implementing the Recommendations of the Global Forum coming into effect, bearer shares are no longer authorised in Switzerland, with the exception of companies listed on the stock exchange or with intermediated securities (for example, held in bank securities accounts).</b></p> <p>Participation and/or dividend rights certificates (both without voting rights) may also be issued.</p>

## Articles of association

Compulsory. Must contain provisions on:

- the business purpose,
- the business name,
- the headquarters,
- the amount of share capital, the currency in which it is fixed and contributions made,
- the number, par value and type of shares,
- the legal form to be observed for company announcements and communications to shareholders.

The law provides for possible exceptions concerning the holding of the partners' meeting, which must be included in the articles of association, in particular the holding abroad (Art. 701b CO), and/or in electronic form and without a physical meeting place ("virtual meeting"; Art. 701d CO).

The law allows disputes relating to company law, typically those between the company, its bodies and/or partners, to be submitted, by statutory means, to arbitration rather than to the jurisdiction of civil courts (Art. 697n CO).

## Functions of the General Meeting

The General Meeting is the company's supreme power. Its non-transferable rights include:

- appoint and discharge members of the board of directors,
- adopt and modify the articles of association,
- appoint auditors,
- approve the annual accounts, determine the use of the profit resulting from the balance sheet and set dividends,
- take any other decision to which it is held by law or by the articles of association.

## Decisions

General Meeting: by a voting majority attributed to the shares represented (unless otherwise provided for by law or in the articles of association). Votes are proportional to the par value of shares with preferential voting rights: votes are proportional to the number of shares held (one vote per share) to the extent that the articles of association provide for this and are subject to certain conditions (Art. 693 para. 3 CO).

## Management

Board of directors' responsibility, unless delegated to one or more members of the board (delegates) or to third parties (senior management).

The board of directors exercises the company's senior management, establishes the instructions necessary for its direction and management, appoints and dismisses the people responsible for carrying out its decisions, draws up the annual report, prepares the general meeting and executes its decisions. The board of directors must in particular monitor the solvency of the company at all times and take corrective measures as soon as there is a risk of insolvency (Art. 725 CO).

<b>Representation</b>	<p>Each member of the board of directors, unless otherwise provided in the articles of association or organisational rules. Possible to delegate to one or more members of the board of directors (managing directors) or to third parties (executive officers).</p> <p>At least one member of the board must have the power to represent the SA.</p> <p>The signing methods are listed in the RC (individual, collective of two or more, etc.).</p> <p><b>The company must be able to be represented by a person domiciled in Switzerland. One of the members of the board of directors or an executive officer must meet this requirement. When there is collective representation, a sufficient number of signatories authorised to legally represent the company must be domiciled in Switzerland (Art. 718 para. 4 CO).</b></p>
<b>Liability</b>	<p>Towards third parties (Art. 752 et seq. CO.): the share capital is solely responsible for company debts and any unlawful acts by its bodies. Personal liability applies for offences or negligence committed by the founders when founding the company, for inaccurate information in the authenticated deed; and for offences or negligence committed by members of the board of directors in the company's management and liquidation; and for auditors for failure to fulfil their duties (Art. 753 et seq. CO).</p> <p>Towards the company (Art. 756 CO): the aggrieved shareholder may file a claim (for damages).</p>
<b>Shareholders' rights and duties</b>	<p>Right proportional to profit and liquidation proceeds.</p> <p>Voting rights.</p> <p>Right to audit management and review.</p> <p>Right to request a special investigation.</p> <p>Preferential subscription right.</p>
<b>Accounting</b> <i>(see separate chapter)</i>	<p>Obligatoire. Doit être tenue avec le soin et détail exigés par la nature et l'étendue de l'entreprise. Elle présente la situation financière de l'entreprise, l'état des dettes et créances, et le résultat des exercices annuels.</p>
<b>Audit body</b> <i>(see separate chapter)</i>	<p>In principle, an audit body is compulsory. It carries out a regular or limited audit according to the criteria set by SA law (Art. 727 et seq. CO). It is possible for the SA do without an audit body ("opting out") if the following three conditions are all met (Art. 727a para. 2 CO):</p> <ul style="list-style-type: none"> <li>• all partners consent to it,</li> <li>• the SA is only subject to limited audits,</li> <li>• the SA workforce does not exceed an annual average of ten full-time jobs.</li> </ul>

<b>Taxation</b> <i>(see separate chapter)</i>	Federal tax on net profit.
	Cantonal tax on net profit and capital.
	Municipal trade tax (depending on the company's municipality)
<b>Dissolution</b>	According to the articles of association.
	By a decision from the general meeting.
	By declaring bankruptcy.
	By judgement upon reasoned request at the request of shareholders representing at least 10% of the share capital.
<b>Comments</b>	Relatively substantial accounting and administration. Limitation of shareholder liability and significant ease of transmission.
	If the company does not have all the stipulated bodies, or a body does not comply with regulations, a shareholder, creditor or RC representative may request the necessary corrective measures from the court (Art. 731b CO).
<b>OASI/IV/EO</b>	Shareholders not subject unless they are also employed by the SA (and are then only contributing to an OASI/EO fund in this capacity). Percentage ownership, fixed allowances and attendance fees among members of the administration and governing bodies are subject to OASI

# 03. Other legal statuses

## Cooperative company

The cooperative company is a special legal form that lends itself to groups of people or companies who wish to promote economic or social interests through joint action. Economic development and mutual aid are at the heart of this action.

<b>Founding team</b>	A minimum of 7 people (natural or legal) or trading companies can found a cooperative (Art. 831 CO).
<b>Legal entity</b>	Full.
<b>Set-up process</b>	Authenticated deed and articles of association signed in the presence of a solicitor. The solicitor will also take care of registering the company with the commercial register.
<b>Commercial register (RC)</b>	Statutory registration required (Art. 830 CO). Application signed by one or several directors authorised to represent the company as a sole or collective signatory. Certified copy of the authenticated deed and articles of association
<b>Share capital (optional)</b>	<ul style="list-style-type: none"><li>• No lower or upper limit, but a maximum number of shares per member must be specified (Art. 853 para. 2. CO)</li><li>• Can be paid in cash or in kind.</li></ul>
<b>Shares</b>	No minimum amount; at least one share per partner; paid in full at the creation
<b>Articles of association</b>	Compulsory, must contain provisions on: <ul style="list-style-type: none"><li>• the business name,</li><li>• the headquarters,</li><li>• the business purpose,</li><li>• the legal form to be observed for company announcements and communications to partners.</li></ul>

The law provides for a number of possible adjustments to the rights and obligations of partners, which must be included in the articles of association, namely obligations for making additional payments (Art. 833 CO), the holding of the partners' general meeting abroad (Art. 701b and 893a CO), and/or in electronic form and without a physical meeting place ("virtual meeting"; Art. 701d and 893a CO).

To make a change to the articles of association, a general meeting must be validly convened, and a notary must attend to draw up the minutes and transmit them in the form of a deed to the Registre du Commerce.

<b>Functions of the partners' general meeting</b>	<p>The partners' general meeting is the company's supreme power. Its non-transferable rights include:</p> <ul style="list-style-type: none"> <li>• modify the articles of association,</li> <li>• appoint and dismiss directors, and give them discharge,</li> <li>• approve the annual accounts and determine the use of the profit resulting from the balance sheet.</li> </ul>
<b>Decisions</b>	<p>The voting right of each partner is not proportional to the par value of their shares, each partner having only one vote (one person = one vote).</p> <p>In principle, the partners' general meeting makes its decisions and proceeds to elections by an absolute majority of votes cast.</p>
<b>Management and representation</b>	<p>All partners, collectively or assigned by the articles of association, have powers of management and representation for:</p> <ul style="list-style-type: none"> <li>• one or several partners or</li> <li>• third parties.</li> </ul> <p><b>At least one person authorised to represent the company (a manager or, failing that, senior management) should be domiciled in Switzerland. When there is collective representation, a sufficient number of signatories authorised to legally represent the company must be domiciled in Switzerland (Art. 898 para. 2 CO).</b></p> <p>Only natural persons can be appointed as managers.</p> <p>If a trading company has partner status, where applicable, it appoints a natural person as manager.</p> <p>If the company has several managers, the partners' general meeting appoints one of them as chairman. It may revoke appointed managerial rights at any time.</p> <p>If the company has several managers, management decisions are taken by a voting majority. The chairman gets the casting vote, unless the articles of association make different provisions.</p>
<b>Liability</b>	<p>The cooperative is liable with its assets for its obligations. It is liable exclusively, unless the articles of association provide otherwise (Art 868 CO).</p>
<b>Partners' rights and duties</b>	<p>The partners all have equal rights and obligations, unless the law makes an exception. (Art. 854 CO).</p> <p>Right to control in accordance with Art. 856 CO.</p> <p>The right of resignation, under predetermined conditions, may be provided for in the articles of association.</p>
<b>Accounting</b> <i>(see separate chapter)</i>	<p>Compulsory. Must be maintained with the care and detail required by the nature and scope of the business. Presents the company's financial situation, accounts payable and receivable, and financial year results.</p>



<b>Audit body</b> (see separate chapter)	In principle, an audit body is compulsory. It carries out a regular or limited audit according to the criteria set by law for public limited companies (Art. 727 et seq. CO via reference to Art. 906 CO).  It is possible for the cooperative to do without an audit body (“opting out”) if the following three conditions are all met (Art. 62 para. 3, CRO): <ul style="list-style-type: none"> <li>• all partners consent to it,</li> <li>• the cooperative is only subject to limited audits,</li> <li>• the cooperative workforce does not exceed an annual average of ten full-time jobs.</li> </ul>
<b>Taxation</b> (see separate chapter)	Federal tax on net profit.  Cantonal tax on net profit and capital.  Municipal trade tax (where applicable; depends on the company's municipality).
<b>Dissolution</b>	By decision, by at least 2/3 of the votes of the partners represented (Art. 888 para. 2 CO; the articles of association may provide for a greater majority). By declaring bankruptcy, or by other reasons provided for by law or by the articles of association.
<b>OASI/IV/EO</b>	Partners not subject unless they are also employed by the cooperative (and are then only contributing to an OASI/IV/EO fund in this capacity). Percentage ownership, fixed allowances and attendance fees among members of the administration and governing bodies are subject to OASI.

## Association

An association can also be a business managed for trade use, but with an “ideal purpose”, i.e. the purpose is not to seek profit. Associations are inexpensive to set up, and liability is limited to the legal entity.

<b>Number of partners</b>	At least two natural persons or legal entities.
<b>Legal entity</b>	Once the articles of association (drafted in writing and containing the necessary provisions on the purpose, resources and organisation) have been adopted by the statutory meeting (Art. 60 and 61 CC).
<b>Incorporation</b>	By written articles of association.

Note: an association that has not yet acquired legal status or which cannot acquire it is assimilated to a limited partnership (Art. 60 to 62 CC).

<b>Commercial register (RC)</b>	No registration required (Art. 61 CC), unless the association operates as a commercial enterprise in order to achieve its purpose, if it is subject to the obligation of having its accounts audited (see below, Art. 69b CC) or if it is primarily engaged in the collection or distribution of funds abroad for charitable, religious, cultural, educational or social purposes.
<b>Share capital</b>	<p>Freely determined, no contribution or start-up capital required.</p> <p>Members of the association may be required to pay contributions if provided in the articles of association (Art. 71 CC).</p>
<b>Securities</b>	The association can issue bonds (no social rights included).
<b>Articles of association / Foundation charter</b>	Written document (Art. 60 and 63 CC). The articles of association cannot deviate from the compulsory rules in the CC. If the articles of association are incomplete, they are supplemented by legal rules.
<b>Functions of the general meeting</b>	<p>The general meeting is the association's supreme power. Decisions are taken by a majority of members present, for items appearing on the agenda (unless otherwise provided for in the articles of association).</p> <p>In principle, all members have equal voting rights.</p> <p>The main functions of the general meeting are (Art. 64 to 68 CC):</p> <ul style="list-style-type: none"> <li>• admitting and removing members,</li> <li>• electing leadership (committee),</li> <li>• all matters not under the liability of another body,</li> <li>• monitoring the activity of other bodies,</li> <li>• revoking other bodies.</li> </ul> <p>The articles of association may provide for other functions.</p>
<b>Board management (committee, board of directors)</b>	<p>The management for the association (generally known as the committee) has the following responsibilities (Art. 69 CC):</p> <ul style="list-style-type: none"> <li>• right and duty to manage affairs in accordance with the articles of association,</li> <li>• right and duty to represent the association (see below under "Representation").</li> </ul> <p>The committee may be remunerated in various ways for its function (salary, allowances, attendance fees), provided that this remuneration cannot be considered an economic goal in and of itself.</p> <p>Please note: this point is specifically examined in the case of a request for tax exemption based on a goal serving the public interest: remuneration that is too high may be in contradiction with the notion of disinterest, which is one of the conditions for the exemption.</p>

## **Auditor / Supervisory authority**

If the association exceeds two of the following thresholds:

- CHF 10 million in the balance sheet total,
- CHF 20 million turnover,
- annual average of 50 full-time jobs,

it must submit its accounts to an audit body for ordinary audit (Art. 69b CC). CO provisions concerning SA auditors (Art. 728 to 728c CO) are then applicable by analogy.

In other cases (and provided that a limited audit is not required), the articles of association and general meeting are free to organise the audit.

Note: for auditing, specific requirements may arise from a grant agreement.

Shortcomings in an association's organisation may be subject to judicial review, at the request of a member or creditor (Art. 69c CC).

## **Representation**

The management (committee) represents the association to third parties, according to the provisions made in the articles of association (Art. 69 CC).

These specify the power to bind the association (sole or collective signatory power, limitation to certain members of the committee only). In terms of RC registration, the powers of representation appear there, and any statutory limitations are then enforceable against third parties.

Each association must have at least one representative domiciled in Switzerland with full signing authority (or several representatives with collective signing authority), except for associations whose registration is purely voluntary (not subject to obligation by law) (Art. 69 CC) and which have filed a special declaration to this effect with the RC (Art. 90a para. 4 CRO).

## **Liability (management/ committee/ board members)**

**Committee members:** With regard to third parties, the management (committee) member is liable for the consequences of any unlawful acts committed in this role, particularly in the event of mismanagement.

**Individual members:** Sole liability: membership payment, if provided for in the articles of association (Art. 71 CC).

**The association as a legal entity:** At civil level, the association is jointly and severally liable for unlawful acts by committee members; it is solely responsible for debts on its assets (Art. 75a CC).

At court level, the company's liability can be applied on the basis of Article 100quater of the Swiss Criminal Code.

## **Members' rights and duties**

Each member is only entitled to one vote in principle, although adjustments are possible. The principle of equal treatment applies. Membership is inalienable (Art. 70 to 75 CC).

The association operates according to the "open door" system (conditions for becoming a member and the membership procedure remaining possible).

<b>Accounting</b>	<p>Management must keep the association's books (Art. 69a CC). It must apply the provisions of the CO relating to commercial accounting and the presentation of the accounts by analogy (Articles 957 to 963b CO).</p> <p>If the association is not required to register with the RC, it can opt to account for revenue, expenditure and assets only (Art. 957 para. 2 CO).</p> <p>See also the Ordinance on the Maintenance and retention of Accounts (AccO), as well as the SWISS GAAP RPC 21 standard, where applicable.</p>
<b>Taxation</b>	<p>Reduced rate compared to companies with share capital. Exemption possible according to LIPM Art. 9 f,g (Canton of Geneva).</p> <p>Subject to property gains tax at the standard rate. Exemption possible according to LIPM Art. 9 f,g (Canton of Geneva).</p>
<b>Business tax</b>	<p>Subject if operating as a commercial enterprise.</p> <p>Exemption possible if in receipt of an exemption order for income and capital tax.</p> <p>Exemption also possible if the sole activity consists of renting own unfurnished property.</p>
<b>VAT</b>	<p>Determine whether business activities, whatever the amount, are taxable or not.</p> <p>If yes, exemption up to a turnover of CHF 75,000 per year (CHF 150,000 if an association is recognised as serving the public interest). Exemption also possible if the remaining tax due to the Federal Tax Administration does not regularly exceed CHF 4,000 per year.</p>
<b>Dissolution/ Liquidation</b>	<p>This can be decided at any time (Art. 76 to 79 CC). Generally, the articles of association provide for a decision of at least 2/3 of the votes rather than a simple majority.</p> <p>In the event of insolvency or when the management can no longer be legally constituted, the association is automatically dissolved.</p> <p>Dissolution can be pronounced by a judge if the purpose of the association is illicit or immoral.</p> <p>If necessary: struck off the RC.</p> <p>Members have no right to any asset liquidation balance: this balance is allocated to association or public service purposes as provided for by the articles of association or the general meeting. In the absence of specific provisions, the liquidation balance is devolved to the public corporation to which the dissolved association belonged through its purpose (Art. 57 CC).</p>

# 04. Branch

---

## Legal status

In Swiss law, a branch is a commercial establishment which, depending on the main company to which it belongs legally, carries out a similar activity to that of the main company in separate premises over the long term, enjoying a certain autonomy in the way it conducts business. The branch may belong to a company whose head office is in Switzerland, or to a company based abroad. Some procedures may differ depending on the type of branch, particularly in relation to registering with the commercial register (RC).

The notion of a branch assumes:

- separate premises,
- a representative with signing authority domiciled in Switzerland (C or B permit holder),
- a purpose which is similar to that of the parent company and commercial activity (with revenue and expenditure), and
- keeping accounts.

---

## Registration in the Commercial Register

Branch registration in the Commercial register is declarative in nature and should include the following elements:

- main establishment's company name and headquarters,
- the head office legal status and RC reference number,
- for a branch of a foreign company, if the parent company has capital, it should include the amount and currency, as well as the contributions made (the amount of paid-up capital),
- business name (see Article 952 CO) and branch headquarters,
- purpose of the branch (for branches belonging to Swiss companies, only applicable if the purpose is more limited than that of the main establishment),
- persons representing the branch and how they bind it by signature,
- domicile (premises) and, where applicable, declaration from the domiciliation agent.

The registration request must be signed by a person who is authorised to represent the parent company or branch.

---

## The following should also be provided:

- an authenticated extract from the minutes of the competent body setting out the decision to create the branch, the names of its representatives and their signing method, and for branches belonging to foreign companies:

- an extract from the commercial register of the main establishment's location (original copy dated within the past 6 months), and
- the main headquarters' articles of association, authenticated by the commercial registrar. All documents issued by a foreign authority (commercial register or solicitor, for example) must bear the Apostille or certification issued by a Swiss representation abroad (i.e. Swiss consulate or Swiss embassy).

For business conducted through the branch, registering gives the branch address legal status, in addition to that of the main headquarters address.

---

### **Taxation**

The branch is subject to taxes and is taxed in a similar manner to an SA or Sàrl in Switzerland.

---

### **Deregistration**

The branch may be struck off the register at the request of representatives from the main establishment who are authorised to request branch registrations. The branch is automatically removed if the main establishment has ceased to exist or if it has been established that it is no longer active.

# 05. Checklist for forming an SA/Sàrl in the canton of Geneva

---

**1. Research information and advice about the appropriate legal status.**

---

**2. Check the availability of your chosen business name with:**

The Federal Commercial Registry Office

- [www.regix.ch](http://www.regix.ch)

---

**3. Deposit your share capital in a deposit account:**

CHF 100,000 for an SA (minimum 20% paid up or at least CHF 50,000),

CHF 20,000 for a Sàrl. The bank certifies that the capital has been paid up (with certification),

#### **4. Founders sign the authenticated deed in the presence of a solicitor.**

They declare that an SA or Sàrl has been founded, and decide on the text for the articles of association. For an SA or cooperative, the board of directors and audit body are appointed ("opting out" if applicable).

For a Sàrl, the manager or managing partner and audit body are appointed ("opting out" if applicable).

---

#### **5. Registering in the Commercial Register (RC)**

The directors or managers affix their duly authenticated signature to the registration application, which is sent to the registrar for:

##### **Commercial Register**

Rue du Puits-Saint-Pierre 4 | Case postale 3597 | 1211 Genève 3  
Tél. 022 546 88 60 | [ge.ch/inscrire-au-registre-du-commerce](http://ge.ch/inscrire-au-registre-du-commerce)

With RC registration, the company becomes a legal entity.

#### **6. The board of directors has access to the paid-up capital upon presentation of the register excerpt.**

The board of directors implements the business plan.

It sets up financial and accounting control systems, finalises the commercial lease, etc.

The company becomes affiliated with a compensation fund (for the declaration and payment of OASI/IV social security contributions):

- Cantonal Social Insurance Office  
Rue des Gares 12 | Case postale 2696 | 1211 Genève  
Tél. 022 327 27 27 | [ocas.ch](http://ocas.ch)
- Fédération des Entreprises Romandes Geneva  
Rue de St-Jean 98 | Case postale 5278 | 1211 Genève 11  
Tél. 058 715 31 11 | [fer-ge.ch](http://fer-ge.ch)
- NODE - Nouvelle Organisation Des Entrepreneurs, since 1922  
Rue de Malatrex 14 | 1201 Genève  
Tél. +41 22 338 27 27 | [node1922.ch](http://node1922.ch)

# 06. Advantages and disadvantages

Sole proprietorship over SA or Sàrl.<sup>1</sup>

## Advantages of sole proprietorship

- The formalities for founding a sole proprietorship are simple and advantageous, which can be of value in the start-up phase.
- No set obligations in terms of minimum capital.
- Option to convert the company into a company with share capital.
- As the sole owner, you have maximum freedom in all business decisions.
- Sole proprietorship does not involve double taxation. As companies with share capital, an SA, Sàrl or cooperative is its own legal entity and is therefore taxed separately. For entrepreneurs, this means double taxation, because the company profit is first taxed at the SA / Sàrl level, and then as income for the company owner.

## Disadvantages of sole proprietorship

- Liability for your solely owned company's debts with all your wealth (commercial and private).
- The transition from sole proprietorship to SA or Sàrl legal status may have tax consequences. It is recommended to consult a specialist to find out whether sole proprietorship is right for your case.
- Adapting the business' legal status if there is a desire to associate with a partner.
- Sole proprietorship can pose problems in the event of a business transfer.

	SA	Sàrl
<b>Share capital</b>	Minimum CHF 100,000 of which 20% paid up, but at least CHF 50,000.	Minimum CHF 20,000, of which 100% paid up.
<b>Share par value</b>	Minimum CHF 0.01.	Minimum CHF 0.01.
<b>Disclosure</b>	Names of shareholders, number and value of shares not disclosed.  Special regulations (e.g. Stock Exchange Act) may impose disclosure obligations.	Identity of partners, number and value of shares are public.
<b>Participation certificates</b>	Possible.	Not possible.

<sup>1</sup> Source: PMEinfo, copyright SECO / SME Task force - [kmu.admin.ch](https://www.kmu.admin.ch)



<b>Obligation to provide ancillary benefits</b>	No ancillary benefits may be required from shareholders.	Articles of association may provide for the obligation to provide ancillary benefits
<b>Other partner/ shareholder obligations</b>	No ancillary benefits may be required from shareholders.	Articles of association may provide for obligation to provide other partner/ shareholder obligations.
<b>Other partner/ shareholder obligations</b>	None.	Articles of association may provide for a non-competition clause. Duty of fidelity from partners and managers.
<b>General meeting decisions</b>	No veto power.	Veto power may be provided for in the articles of association.
<b>Alienation of assets/ shares</b>	In principle, not possible. Possible, if non-payment of the amount subscribed during the acquisition of securities, and during public takeover bids for companies listed on the stock exchange.	Unlimited possibilities to restrict transmission and even prohibit the transfer of shares, or to refrain from restricting the transmission of shares.
<b>Tag-along/ expulsion of a shareholder/ partner</b>	In principle, not possible. Possible, if non-payment of the amount subscribed during the acquisition of securities, and during public takeover bids for companies listed on the stock exchange.	Tag-along and expulsion possible. Legal tag-along right on reasonable grounds; the articles of association may provide for other grounds; joint tag-along right (compensation for the outgoing partner). Expulsion possible on reasonable grounds and according to the articles of association for defined reasons.
<b>Implementation</b>	Unlimited number of shareholders. Shareholders can be silent (financial partners). Shares can be transferred easily.	The operation of the company has a strong personal dimension. In principle, partners participate in management. Best for a small number of partners. Possible to limit options to sell/ transfer shares.
<b>Converting an SA to a Sàrl or vice versa</b>	Conversion possible on the basis of provisions in the Federal Act on Mergers, Demergers, Transformations and Transfers of Assets and Liabilities (MergA). Subject to various formal and material conditions. Not possible in the event of over-indebtedness or loss of capital. Simplified procedure for SMEs	

# 07. Legal fees for setting up a commercial business in Geneva

Amounts are given for purely indicative purposes to give an approximate estimation of fees.

	Registering with the RC the company's purpose, legal publications and disbursements	Federal stamp duty	Notarial fee relating to the authenticated deed	Notarial fee proportional to capital
<b>Sole proprietorship</b>	Min. CHF 230* (or CHF 180 for online registration**)			
<b>General partnership</b>	Min. CHF 380.- (or CHF 330 for online registration**)			
<b>Sàrl (capital CHF 20,000)</b>	From CHF 520	No stamp duty collected until CHF 1,000,000.	CHF 500 to 2,000	7‰ up to CHF 50,000 6 ‰ from CHF 50,001 to CHF 100,000 5 ‰ from CHF 100,001 to CHF 200,000 4 ‰ from CHF 200,001 to CHF 300,000
<b>Cooperative (no minimum capital)</b>	From CHF 520		CHF 500 to 2'000	
<b>SA (capital CHF 100,000)</b>	From CHF 520	No stamp duty collected until CHF 1,000,000.	CHF 500 to 2,000	7‰ up to CHF 50,000 6 ‰ from CHF 50,001 to CHF 100,000 5 ‰ from CHF 100,001 to CHF 200,000 4 ‰ from CHF 200,001 to CHF 300,000

\*Minimum configuration (only one partner with signing authority), which includes the costs of setting up requisition and costs for signature authentication.

\*\*In the event of online registration, the costs of setting up requisition are not charged.

---

## Costs of creating a Sàrl or SA

The cost of creating a public limited company (SA), limited liability company (Sàrl) or cooperative includes the legal fees mentioned above, but also solicitor fees and deposit account fees with a banking institution.

### **As an indication, the total cost can be estimated at:**

- Sàrl: CHF 2,500 to 4,000
- SA: CHF 4,000 to 6,000

These amounts may vary depending on the amount of capital and number of directors to be registered. Releasing capital through contributions in kind may lead to an increase in costs, knowing that an expert - generally a trustee - will be required to certify the value of said contribution in kind.

# Useful addresses

---

## **Chambre des notaires de Genève**

(Geneva Notary Chamber)

Rue Guillaume-Farel 10 | 1204 Genève  
Tél. 022 310 72 70 | [notaires-geneve.ch](http://notaires-geneve.ch)

---

## **Registre du commerce (RC)**

(Commercial register)

Rue du Puits-Saint-Pierre 4 | Case postale 3597 | 1211 Genève 3  
Tél. 022 546 88 60 | [ge.ch/consulter-registre-du-commerce](http://ge.ch/consulter-registre-du-commerce)

---

## **Office cantonal des assurances sociales**

(Cantonal Social Insurance Office)

Rue des Gares 12 | Case postale 2696 | 1211 Genève 2  
Tél. 022 327 27 27 | [ocas.ch](http://ocas.ch)

---

## **Fédération des Entreprises Romandes Genève (FER Genève), Département de promotion**

Rue de Saint-Jean 98 | Case postale 5278 | 1211 Genève 11  
Tél. 058 715 31 11 | [fer-ge.ch](http://fer-ge.ch)

---

## **NODE – Nouvelle Organisation Des Entrepreneurs, depuis 1922**

Rue de Malatrex 14 | 1201 Genève  
Tél. +41 22 338 27 27 | [node1922.ch](http://node1922.ch)

---

## **APRÈS – Réseau de l'économie sociale et solidaire**

Chemin du 23-août, 1 | 1205 Genève  
Tél. 022 807 27 97 | [apres-ge.ch](http://apres-ge.ch)

---

---

# Office cantonal de l'économie et de l'innovation (OCEI)

(Cantonal Office for Economy and Innovation (OCEI))

Rue de l'Hôtel-de-Ville 11 | Case postale 3216 | 1211 Genève 3  
Tél. 022 388 34 34 | [www.innovation.ge.ch](http://www.innovation.ge.ch)