

# **Self-employed contributions to Old-Age and Survivors' Insurance (OASI), Compensation Insurance (IC) Disability Insurance (DI) and Income**

Position as of 1<sup>st</sup> January 2024



## A brief overview

The Old Age and Survivors' Insurance (OASI), Disability Insurance (DI) and Income Compensation (IC) schemes distinguish between employed persons and the self-employed. Anyone who works for an employer and receives a salary is considered to be employed. Generally speaking, this also includes agents and freelance staff.

For the purposes of social insurance law, the self-employed are defined as persons

- who work under their own name and for their own account and
- who operate independently and bear their own economic risk.

Whether an insured person counts as self-employed for the purposes of the OASI scheme is a question which the compensation office assesses on a case-by-case basis in relation to the remuneration paid for a given activity. This means that it is quite possible for someone who has been assessed as self-employed in one occupation to be assessed as having employee status for a different occupation. The compensation office's assessment will be based on the economic facts rather than the individual's contractual status.

This leaflet provides information for the self-employed on contributions to the OASI, DI and IC schemes.

## Self-employment

### 1 Who counts as self-employed?

You are deemed to be self-employed if:

- you present yourself to the outside world under your own company name.

This means, for example, that you have an entry in the companies' register, and in the address and telephone directory, and that you have your own stationery and advertising material or authorisation to practise your profession. You also issue invoices in your own name and you charge VAT.

- you bear your own financial risk.

This means, for example, that you make long-term investments, you pay for your own equipment and you rent your own work premises. You are also free to choose how you organise your operations.

- you have a free choice of how to organize your operations.

In practice, this means that you are free to decide your own working hours, how you organise your work, whether you subcontract the work to third parties. You also are free to choose which jobs you accept. You will generally work in premises outside the home.

- you work for multiple clients.

If you only work for one client you will normally be classed as an employee.

You are also considered self-employed if you employ other people.

### 2 Do I have to pay contributions to the OASI, DI and IC schemes?

Yes. If you work in Switzerland you are required to pay contributions to the OASI, DI and IC schemes. As a self-employed person, you are not insured against unemployment and are not subject to compulsory accident insurance. Nor are you subject to mandatory occupational pension provision.

## Duration of obligation to pay contributions

### 3 When does my obligation to pay contributions start?

If you are gainfully employed, you are required to pay contributions from 1<sup>st</sup> January of the year following your 17<sup>th</sup> birthday.

For example, a self-employed person who turns 17 on 13 July 2024 will be required to pay contributions to the OASI, DI and IC schemes from 1<sup>st</sup> January 2025.

### 4 When does my obligation to pay contributions end?

Your obligation to pay contributions as a self-employed person will end when you cease to be gainfully employed or when you reach the 'reference age' (previously 'normal retirement age').

If you stop working before you reach the reference age, you have to pay contributions as a non-employed person (see leaflet *2.03 – Non-employed contributions to Old-Age and Survivors' Insurance (OASI)*)

If you carry on working beyond the reference age, you still have to pay contributions but can benefit from a 'personal allowance' which not subject to contributions. (see Section 16).

The reference age is 65. For women born before 1964, however, the reference age is as follows :

Year of birth	Reference age
Up to 1960	64
1961	64 plus 3 months
1962	64 plus 6 months
1963	64 plus 9 months
From 1964	65

# Contribution amounts

## 5 What are the contribution rates?

Contribution rates	
OASI	8.1 %
DI	1.4 %
IC	<u>0.5 %</u>
Total	10.0 %

As a self-employed person you have to pay the full contribution rates yourself.

## 6 Do the same contribution rates apply regardless of income?

No. If your annual income is less than CHF 58 800, lower OASI, DI and IC contribution rates apply. This is referred to as a degressive contribution scale. In such cases, contributions are calculated on the basis of the following rates:

Annual income in francs		OASI/DI/IC contribution rate as percentage of earnings
of at least	but less than	
9 800	17 500	5,371
17 500	21 300	5,494
21 300	23 800	5,617
23 800	26 300	5,741
26 300	28 800	5,864
28 800	31 300	5,987
31 300	33 800	6,235
33 800	36 300	6,481
36 300	38 800	6,728
38 800	41 300	6,976
41 300	43 800	7,222
43 800	46 300	7,469
46 300	48 800	7,840
48 800	51 300	8,209
51 300	53 800	8,580
53 800	56 300	8,951
56 300	58 800	9,321
58 800		10,000

If your annual income is less than 9 800 francs you will pay a minimum contribution of 514 francs.

If you can show that you have already paid the minimum contribution on your relevant salary for non-self-employed gainful employment during the same year, you can ask for the contributions owed to be collected at the lowest rate of the degressive scale only (5.371 %). However, your income must be less than the lowest value on the degressive contribution scale.

If you are engaged in self-employed work as a secondary occupation and your annual earnings amount to 2 300 francs or less, contributions will only be collected at your request.

The compensation offices also charge contributions toward administration costs amounting to a maximum of 5 % of the contributions paid on income from gainful employment.

## How contributions are set and calculated

### 7 How is the amount of the contributions calculated?

The amount of your contributions to the OASI, DI and IC schemes is calculated on the basis of your current earnings for the contribution year. In calculating your contributions, the compensation offices will deduct a percentage of the equity capital invested in your business from your earnings. The decisive figure here will be the value of the equity capital on 31 December of the contribution year in question (for example, 31 December 2023 for the 2023 contribution year).

The following interest rates will apply:

Year	Interest rate
2015	0,5 %
2016	0,0 %
2017	0,5 %
2018	0,5 %
2019	0,0 %
2020	0,0 %
2021	0,0 %
2022	1,5 %

## Contributions on account

### 8 How are the contributions on account set?

The compensation offices set contributions on account. These are provisional contributions based on your foreseeable income over the current contribution year.

You should provide your compensation office with all the documents needed to enable it to set these contributions on account. You must inform the compensation office as soon as there is any significant change in the amount of your income.

If when you come to draw up your annual financial statement you find that the contributions on account were too low, you must notify the compensation office immediately. Failure to do so will mean that you run the risk of having to pay default interest.

## Final contributions

### 9 How are the final contributions set?

Your final contributions will be set on the basis of your tax assessment. The compensation office will calculate the difference between the contributions on account which have already been paid and the final contributions.

- If the contributions on account amount to more than the final contributions, the compensation office will refund the difference.
- If the contributions on account amount to less than the final contributions, the compensation office will issue an invoice for the difference.

Your personal OASI, DI and IC contributions are once again added to your net income as shown on your tax assessment.

## Payment of contributions

### 10 When do I have to pay my contributions?

Your contributions on account must be paid quarterly. The payment period is three months. Your contributions must be paid within ten days of the end of the payment period. The final payment deadline will always be the tenth day following the end of the quarter.

For example, contributions on account for the first quarter must reach the compensation office by 10<sup>th</sup> April at the latest.

If the contributions on account amount to less than the final contributions you will receive an invoice which must be paid within 30 days. The time limit is set at 30 days exactly as opposed to one month and cannot be extended. If the last day falls on a Saturday, a Sunday or a public holiday, the time limit will be extended until the next working day. The time limit starts as soon as the compensation office issues the invoice rather than when the invoice reaches you. In the invoice the compensation office will specify the date by which the sum must reach its account.

Contributions will only be deemed to have been paid once the payment has reached the compensation office's account and not when the payment was initiated. If the contributions are not paid on time default interest will be charged at a rate of 5 % p.a.

If you are in financial difficulty, you can submit a payment deferral application to the compensation office. In this case, default interest will still be due.



## Default interest

### 11 When is default interest charged?

Default interest is charged in the event of late settlement or late payment of contributions – regardless of culpability and regardless of whether a reminder has been issued.

Relates to	Payment not received within	Interest accrued from
Contributions on account	30 days after end of quarter	1 <sup>st</sup> day after end of quarter
Difference between contributions on account and final contributions	30 days from invoice date	1 <sup>st</sup> day from invoice date

Where there is a big difference between the contributions on account and the final contributions, and in the event of additional claims, the following default interest will be charged:

Relates to	Interest accrued from
Contributions on account amount to less than 75 % of the final contributions for the contribution year	1 <sup>st</sup> January one year after end of contribution year
Contributions for previous years	1 <sup>st</sup> January after end of relevant contribution year

## Credit interest

### 12 When will credit interest be paid?

If you have paid contributions that were not due (e.g. if the contributions on account amount to more than the final contributions), the compensation office will pay credit interest. Interest runs from 1<sup>st</sup> January following the end of the year in which these contributions have been paid.

## Interest calculation

### 13 How is interest calculated?

Interest is calculated on a daily basis, with one month being counted as equivalent to 30 days and one calendar year being counted as equivalent to 360 days. The interest rate is a standard rate of 5 %.

### 14 Example 1

The contribution on account reaches the compensation office on 31<sup>st</sup> January instead of 10<sup>th</sup> January.

- Contribution on account for the 4<sup>th</sup> quarter of 2023: 8 400 francs
- To reach the compensation office no later than: 10 January 2024
- Payment received by compensation office: 31 January 2024
- Default interest due from 1<sup>st</sup> January to 31 January 2024 (1 month):  
 $8\,400 \text{ francs} \times (30 \text{ days} / 360 \text{ days}) \times 5 \% = 35 \text{ francs}$

### 15 Example 2

The contributions on account amount to less than 75 % of the final contributions.

- Contributions paid on account for 2022: 9 500.40 francs
- Final contribution for 2022: 30 400 francs
- The contributions on account amount to only 31 % of the final contributions:  $(9\,500.40 \times 100 \div 30\,400)$
- Invoice issued by compensation office: 12 January 2024
- Payment received by compensation office:
  - a) 30 January 2024
  - b) 18 February 2024
- Default interest at time of invoice:  
1<sup>st</sup> January 2024 (i.e. from 1<sup>st</sup> January one year after the end of the contribution year) to 13 January 2024 (12 days):  
 $20\,899.60 \text{ francs} \times (12 \text{ days} / 360 \text{ days}) \times 5 \% = 34.85 \text{ francs}$
- Default interest after receipt of payment:
  - a) no further default interest as invoice was paid within 30 days
  - b) 13 January 2024 (date invoice issued plus 1 day) to  
18 February 2024 (19 plus 18 days):  
 $20\,899.60 \text{ francs} \times (37 \text{ days} / 360 \text{ days}) \times 5 \% = 107.40 \text{ francs}$

## Contributions by OASI pensioners

### **16 I am entitled to an OASI pension. Do I still have to pay contributions?**

If you have reached the reference age but remain gainfully employed, you will still have to pay contributions to the OASI, DI and IC schemes. However, you will benefit from 'personal allowance' of 16 800 francs per year. Contributions are only due on that portion of your income which exceeds this threshold. If your annual income after deduction of your personal allowance amounts to less than 9 600 francs, your contribution will be calculated at the lowest contribution rate (5.371 %).

If you wish to pay contributions on your total earnings, you have the option of waiving the personal allowance. This may lead to a higher pension because it fills gaps in your contribution record/insurance cover or because it raises your average annual income. For more information, see leaflet 3.08 – *Recalculation of the old-age pension after the reference age*, and the information sheet – *Stabilisation of the OASI (OASI 21); What's changing?*.

If you are entitled to an OASI old-age pension and are engaged in self-employed work while also working for an employer, you will be entitled to a personal allowance for each of these activities.

## Contributions on IC compensation and on daily allowances paid by DI, UI and military insurance

### **17 Do I have to pay contributions on IC compensation and daily allowances?**

Yes, you also have to pay contributions on income compensation payments for persons performing military or civilian service and persons on maternity leave, as well as on daily allowances paid by the DI, UI and military insurance schemes. These payments are treated in the same way as income from gainful employment.

However, these contributions are collected differently from those due on earned income: the compensation office automatically deducts 5.3 % from the compensation payments.

When you complete your tax return, please bear in mind that income compensation payments for persons performing military or civilian service and persons on maternity leave, as well as daily allowances paid by the DI, UI and military insurance schemes are not included in business income and must be reported separately.

## Enquiries and further information



This leaflet merely provides an overview. Individual cases can only be assessed conclusively on the basis of the relevant legislation. The compensation offices and their branches will be pleased to answer any enquiries. A list of all compensation offices can be found at [www.ahv-iv.ch](http://www.ahv-iv.ch).

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