

Comparison of legal forms

	Sole proprietorship	Partnership	Limited liability company (GmbH)	Public limited company (AG)
Legal basis	No specific requirements	Art. 552-593 OR	Art. 772-827 OR	Art. 620-763 OR
Typical profile	Firms whose activity is closely linked to the owner (doctor, architect, etc.)	Small firms whose activity is closely related to several partners (craft enterprise, etc.)	Small and medium-sized private companies	Profit-orientated firms with a high capital requirement
Legal nature	Sole owner	Private company	Legal entity	Legal entity
Owner's liability	Personal, unlimited liability for all debts	Personal, unlimited, joint liability of shareholders for all debts	No partner liability (provided that the equity shares have been fully paid up)	No shareholder liability (provided that the shares have been fully paid up)
Company name	Must contain the owner's surname	Must contain the surname of one or more partners	Freely chosen but the addition of «GmbH» is compulsory	Freely chosen but the addition of «AG» is compulsory
Minimum number of founder members	1 natural person (owner)	2 natural persons (partners)	1 natural person or legal entity (partner)	1 natural person or legal entity (shareholder)
Swiss nationality and residence in Switzerland	Not compulsory but required for employment and residence authorization	Not compulsory but required for employment and residence authorization	At least one business manager or director must reside in Switzerland	At least one administrative board member or director must reside in Switzerland

Minimum capital	No minimum capital	No minimum capital	CHF 20'000 (the minimum value of an ordinary share is CHF 100)	CHF 100'000 (CHF 50'000 paid in; the minimum value of a share is CHF 0.01)
Start-up	through the assumption of an economic activity; entry in the trade register compulsory from an annual income of CHF 100'000; self-employed status through registration with the old-age insurance authority	through entry in the trade register and the conclusion of a company agreement (this is voluntary, but highly recommended)	through the founders' meeting in the presence of a notary (public authentication) and entry in the trade register	through the founders' meeting of shareholders in the presence of a notary (public authentication) and entry in the trade register
Duty to keep records	<p>independent from the annual turnover</p> <p>less than CHF 500'000: Obligation to use simplified bookkeeping (income, expenses and assets)</p> <p>CHF 500'000 and over: Obligation to follow bookkeeping and accounting procedures according to Art. 957 et seq. OR</p>	<p>independent from the annual turnover</p> <p>less than CHF 500'000: Obligation to use simplified bookkeeping (income, expenses and assets)</p> <p>CHF 500'000 and over: Obligation to follow bookkeeping and accounting procedures according to Art. 957 et seq. OR</p>	Obligation to follow bookkeeping and accounting procedures according to Art. 957 et seq. OR	Obligation to follow bookkeeping and accounting procedures according to Art. 957 et seq. OR
Auditing agency	not compulsory	not compulsory	<p>limited auditing compulsory for more than ten employees</p> <p>ordinary auditing compulsory if two of the following threshold values are exceeded:</p> <ul style="list-style-type: none"> Balance sheet total: CHF 20 million Turnover: CHF 40 million Full-time positions: 250 	<p>limited auditing compulsory for more than ten employees</p> <p>ordinary auditing compulsory if two of the following threshold values are exceeded:</p> <ul style="list-style-type: none"> Balance sheet total: CHF 20 million Turnover: CHF 40 million Full-time positions: 250

Taxation

The owner must pay tax on his income as well as his professional and private assets

Each partner must pay tax on his share in the income and assets of the firm, as well as his private income and assets

The GmbH is taxed as a legal entity. If it makes profit which it distributes in the form of dividends, both the company and the individual partners are taxed (double taxation).

The AG is taxed as a legal entity. If it makes profit which it distributes in the form of dividends, both the company and the individual shareholders are taxed (double taxation).

Advantages

- quick and easy start-up
- no minimum capital required
- no double profit taxation
- no auditing agency

- relatively simply start-up
- no minimum capital required
- flexible internal structure and participation regulations

- no personal liability for debts
- relatively low minimum capital
- may be transformed into an AG without prior dissolution

- no personal liability for debts
- company shares easily tradeable
- anonymity of shareholders possible
- high degree of reliability among creditors, suppliers and customers

Disadvantages

- unlimited personal liability
- no unemployment benefit claims
- lending difficulties
- protection of company name territorially limited
- lending difficulties

- unlimited personal liability
- no unemployment benefit claims
- right of all partners to have a say can limit corporate flexibility

- start-up and administration costs
- double profit taxation
- auditing agency
- anonymity of partners impossible
- less reliability among creditors, suppliers and customers than in an AG

- start-up and administration costs
- double profit taxation
- auditing agency