

EXCURSION:

ASSOCIATION ADMINISTRATION

The most common legal form for producing artists in the Swiss independent scene is the association. An association allows you to apply for public funding, act as a contractual partner, and function as an employer.

In this chapter, we have compiled the key steps for association administration, supplemented with practical assistance, additional links, and a glossary.

1.

FOUNDING AN ASSOCIATION

To establish an association, the following steps are required:

Find board members: At least two people must be part of the board. The board can consist of any number of members, but it is advisable to keep the number manageable to facilitate scheduling for general meetings and board sessions. Board members should take on their roles on a voluntary basis.

Draft the statutes: The statutes serve as the association's rulebook and are mandatory. They outline the purpose, structure, and functioning of the association.

Hold a founding meeting: The official establishment of the association takes place during a documented meeting. Invitations must be sent in writing via email, including the date, time, location, and agenda items.

Example of agenda items:

1. Decision on the establishment of the association
2. Approval of the statutes
3. Membership admission of the founding members
4. Appointment of the governing bodies
5. Election of an auditing body (note: the election of an auditing body is not mandatory; legally, an audit is only required for associations that exceed a certain balance sheet total (Article 69b of the Swiss Civil Code (ZGB)))
6. Determination of the association's registered office

The agenda serves as the basis for the founding minutes, which must be signed by the president and the person taking the minutes. The founding minutes and the statutes are required for the next steps.

Once initial commitments for your first project are in place, the following steps are recommended. However, be sure to allow sufficient time for this!

Opening an association bank account (business account)

Registration with the AHV compensation office at the association's registered office

Conclusion of necessary insurance policies: Accident insurance, business liability insurance, property insurance (see glossary/insurance)

TIP

In the cantons of Bern and Lucerne, it is mandatory to also register the association with the cantonal tax office (as of 2024).

2.

ASSOCIATION ADMINISTRATION: RECURRING TASKS AND PRACTICAL TIPS

The administration of an association requires regular administrative tasks that occur monthly, quarterly, or annually. In addition to these tasks, there are also specific activities that must be carried out as needed.

MONTHLY TASKS

The monthly tasks include **the payment of salaries**, including **sending out pay slips** and maintaining the personnel overview. Any applicable **withholding tax deductions** must be calculated and paid. It is also important to issue invoices, monitor outstanding amounts, and regularly **update the accounting data**. This includes reviewing bank statements and carefully sorting receipts.

QUARTERLY TASKS

Quarterly tasks include specific billing, such as for the **pension fund** of freelancers. If advance payments for social security contributions like AHV, pension fund, accident insurance, and sickness daily allowance insurance are required, they are also paid quarterly.

ANNUAL TASKS

Annual recurring tasks include the **salary declarations** for the **compensation office (AHV)**, **accident insurance**, **pension fund** (for permanent employees), and **sickness daily allowance insurance** (if applicable). **Salary certificates** must be prepared and sent to employees at the end of the year or at the beginning of the new year. On request, **withholding tax certificates** are issued for employees living abroad. Between January and March, the **annual financial statements** are prepared, which include the **profit and loss statement and balance sheet**. An audit of the annual accounts is also advisable but not mandatory for small associations. After that, usually in spring, the **general assembly** is organized and held. This assembly is the highest decision-making body of the association, where important matters such as approval of the annual report and financial statement, discharge of the board, and, if necessary, the (re)election of the board or the audit office are decided. The meeting is mandatory and must be recorded in minutes.

Throughout the year, other tasks may arise as needed. These include, among other things, the registration and deregistration of employees with the compensation office, **issuing interim earnings certificates** for employees registered with the RAV, or **issuing employer confirmation forms**, if required. If it is necessary to hold an **extraordinary general assembly**, it must also be recorded in minutes and conducted according to the statutory requirements.

3.

DISSOLUTION OF THE ASSOCIATION

Dissolving an association is as simple as founding it: through a resolution in the general assembly. However, the effort involved in fully winding up the association can vary depending on its size and structure.

The dissolution process involves several steps, from the decision to dissolve, to the liquidation of assets, to official deregistration with authorities and the archiving of documents.

1. RESOLUTION TO DISSOLVE THE ASSOCIATION

The dissolution of the association is decided in a general assembly. A meeting must be convened, and the dissolution must be included as an item on the agenda. Beforehand, the statutes should be reviewed to ensure that all formal requirements, such as necessary quotas or majority ratios, are met. The members vote on the dissolution, and the result is recorded in minutes.

2. FORMAL ANNOUNCEMENT OF THE DISSOLUTION

After the resolution, all members should be informed in writing about the dissolution of the association. If necessary, the public can also be notified via a message on the association's website or social media platforms.

3. LIQUIDATION OF THE ASSOCIATION'S ASSETS

The board or a specifically appointed liquidator assumes responsibility for handling all financial and legal matters. If the association is non-profit, its assets must be used for charitable purposes. Often, the remaining assets are transferred to a similar organization or charitable projects. All creditors must be informed, and any outstanding liabilities must be settled to ensure that the association leaves no debts behind.

4. OFFICIAL AND TAX DEREGISTRATION

The tax authority must be informed of the dissolution, and a final tax return must be submitted. If the association was recognized as non-profit, a tax certificate confirming the proper use of assets can be helpful. For associations with employees, deregistration with the AHV (Old Age and Survivors' Insurance) and the social security system must be done. If the association was VAT-liable, the VAT authority must also be notified, and the relevant account must be closed.

5. TERMINATION OF CONTRACTS AND MEMBERSHIPS

All existing contracts, such as lease or service contracts, must be terminated in accordance with the notice periods. Memberships in associations or networks where the association is registered should also be canceled.

6. ARCHIVING OF ASSOCIATION DOCUMENTS

According to Swiss law, association documents, such as financial records, minutes, and tax documents, must be kept for at least ten years. A responsible person or secure storage method should be designated for proper archiving.

7. DELETION FROM THE COMMERCIAL REGISTER (IF THE ASSOCIATION WAS REGISTERED)

If the association was registered in the commercial register, this entry must be deleted to complete the dissolution process.

8. FINAL REPORT FOR MEMBERS

At the end of the process, a final report is prepared and presented to the members. This report includes information on the distribution of assets and the fulfillment of the association's obligations. The general assembly can approve the discharge of the liquidators and formally confirm the completion of the winding-up process.

9. OFFICIAL COMPLETION OF THE ASSOCIATION DISSOLUTION

Once all the steps have been completed and the members properly informed, the association's dissolution is officially concluded. The general assembly confirms the completion, and the association is permanently dissolved.

GLOSSARY

DOCUMENT RETENTION REQUIREMENT

Associations are required to securely store their business documents for at least ten years. Documents that must be retained include annual financial statements, audit reports, accounting records, contracts, and employee files. A well-organized document management system supports compliance with these regulations and facilitates the retrieval of documents.

It is recommended to organize documents into the following categories:

Accounting folder: Contains bank statements and chronologically sorted accounting records for each fiscal year. This folder should also include the annual financial statement, employee files with relevant documents, as well as social insurance and withholding tax statements.

Association folder: This folder contains the statutes, the founding protocol, the minutes of general meetings, as well as bank documents and insurance papers. Tax documents and long-term rental agreements should also be stored here.

Project folder: This folder is used to store project documentation, such as dossiers, press clippings, flyers, and final reports. Funding contracts, venue contracts, and other project-related documents, such as rental agreements, are also kept here.

Additional information on association accounting and personnel administration can be found on the [Swiss Accounting website for associations](#), as well as on the service page of [t. Theaterschaffen Schweiz](#).

TASKS AND POSITIONS

The board can constitute itself, meaning that board members do not necessarily have to be elected to fixed roles (such as secretary or treasurer). An exception is the position of president, which must always be filled.

OPERATIONS COMMITTEE / MANAGEMENT

To relieve the board, a management position can be appointed, or an operations committee can be established to handle operational management. In many cases, this role is fulfilled by the production management.

ACCOUNTING OBLIGATIONS AND FINANCIAL MANAGEMENT

In Switzerland, associations are required to maintain financial records under Article 69b of the Swiss Civil Code (ZGB), with the board being responsible for compliance. Accounting ensures transparency regarding the financial status of the association and serves as the basis for financial decision-making. The primary purpose of bookkeeping is to maintain an overview of assets, reserves, capital, and liabilities while documenting the annual financial results, whether profit or loss.

Small associations can manage their bookkeeping with a simple cash ledger, recording all income and expenses chronologically in line with bank transactions. As an association grows and starts setting aside funds for long-term projects, double-entry bookkeeping provides a more precise overview. While a cash ledger only records income and expenses, double-entry bookkeeping allows for a detailed balance sheet of assets (active) and liabilities (passive), as well as an income statement covering revenues and expenditures. For professional accounting support, [t. Theaterschaffen Schweiz](#) offers affordable services.

VOLUNTARY BOARD WORK

To qualify for tax exemption, it is a fundamental requirement that board work is carried out voluntarily and without compensation.

Expenses, such as travel costs, can be reimbursed, and extraordinary services by individual members may be compensated – provided the association's statutes allow for it. However, it is advisable to avoid paying board members through project-based activities (e.g., as an employee in a theater production). In particular, employment relationships with board members – whether related to their board role or not – should be avoided to prevent compromising the association's non-profit purpose.

BOARD LIABILITY

Unless otherwise stated in the statutes, the association's assets are generally liable for the association's obligations. Personal liability of board members only applies in cases of intentional or grossly negligent behavior, as well as breaches of due diligence. This also applies to unpaid or partially unpaid social security contributions for the association's employees.

COMMERCIAL REGISTER ENTRY

Small non-profit associations do not need to be registered in the cantonal commercial register.

AUDIT REQUIREMENT AND TAX MATTERS

Only large associations with a high balance sheet total and a significant number of permanent employees are required to undergo an audit (see the [accounting guidelines of t. Theaterschaffen Schweiz](#)). Smaller associations can forgo an audit or conduct a limited audit if provided for in the statutes or decided by the members.

As legal entities, associations are generally subject to profit, capital, and value-added tax (VAT) and are not automatically tax-exempt. However, many associations do not reach the tax exemption thresholds and therefore do not have to pay taxes, as public funding is generally not considered taxable income. Only income from activities such as merchandise sales, ticket sales, or services is subject to taxation.

Non-profit associations are subject to VAT only if their annual turnover exceeds CHF 250,000 (as of November 8, 2024). To qualify, the association must pursue an idealistic purpose, operate on a non-profit basis, and have a volunteer board. These conditions must be explicitly stated in the association's statutes. The income tax exemption threshold at federal level is CHF 20,000, while there is no capital tax obligation at federal level (as of November 8, 2024). However, tax-free thresholds vary by canton. Current tax rates and exemptions can be found in the [federal tax guide](#).

Associations can apply for a general tax exemption under certain conditions by submitting a request to the cantonal tax authority. If granted, donations of CHF 100 or more from private individuals can be deducted from their taxes.

UID NUMBER

By registering with the compensation fund, the association receives a company identification number (UID) with the prefix *CHE*. This UID is required for correspondence with authorities and insurance providers, as well as for invoices, especially for international transactions such as guest performances. If the UID is followed by *MWST*, it also serves as the association's VAT number.

PURPOSE OF THE ASSOCIATION

The purpose of the association should be idealistic, politically independent, and religiously neutral, without pursuing economic or profit-oriented goals. The purpose should be formulated with foresight to avoid limiting potential future activities. Broad statements such as *"Production and distribution of theater and dance productions"* are preferable.

INSURANCE

Business liability insurance is not legally required but is highly recommended, especially if the association organizes public events or rehearsals. Additionally, most event organizers now require it.

Property insurance is also not mandatory but makes sense if the association owns premises or valuable assets, such as equipment, instruments, or other gear.

For associations with employed staff, **accident insurance** is mandatory.

When purchasing insurance, it is advisable to obtain multiple offers and provide a realistic estimate of the total payroll for employees. Associations with low payroll sums or high-risk activities may sometimes find it challenging to secure insurance (see [Artists Take Action](#) & Personnel Administration Guide by produktionsDOCK).

ELECTION OF BOARD MEMBERS

Board members should be individuals whose professional and personal skills contribute to the strategic leadership of the association in line with its goals. It is beneficial if board members have an understanding of the independent arts scene and complement each other with expertise in areas such as communication, finance, or legal matters.

LINKS

- Templates for founding an association by t. Theaterschaffen Schweiz:
<https://www.tpunkt.ch/dienstleistungen/beratung-und-vorlagen/vereinsgruendung>
- Association glossary by vitamin B – Specialist office for associations:
<https://www.vitaminb.ch/vereinsglossar/versicherung/>
- Information and documents for founding an association by vitamin B – Specialist office for associations:
<https://www.vitaminb.ch/vereinsthemen/gruendung/>
- Guide for associations by Swiss Accounting:
<https://www.swissaccounting-vereine.org/>