

Executive committee compensation and expenses / Model expense regulations

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1. Compensation

There are no laws with respect to payment for members of the executive committee. Pursuant to Article 60 para. 1 ZGB (Swiss Civil Code), gainful employment may not be the main purpose of an association. Associations may thus not serve the purpose of offering their members (of the executive committee) economic benefits. However, under certain circumstances, associations may pay compensation to committee members in the context of the association's non-profit activity.

A distinction is to be made between the reimbursement of expenses and the payment of compensation. Remuneration for work performed is classified as compensation or salary and the provisions of labour law apply (subject to tax and social security contributions). A salary statement must be issued for any compensation paid.

Expenses may and should be paid out, but only to the extent that they have actually been incurred.

Tax-exempt associations: If associations are tax-exempt due to their non-profit character, they are required to act with disinterestedness and "make sacrifices" (Circular No. 12 EStV [Federal Tax Administration], www.estv.admin.ch). Members of the executive committee of tax-exempt associations are required to provide unpaid management services. Pursuant to ZEWO Guidelines, the supreme management body may be paid moderate remuneration for particularly high workloads. Many tax authorities accept corresponding arrangements.

Engagement of third parties: Third parties (including individual committee members) may be engaged for particular operational responsibilities, e.g. bookkeeping, administration or project work, in the form of clearly defined engagements that are limited in time, and can be appropriately compensated. Please note: Such compensation and fees are classified as salaries and are subject to social security contributions unless they are paid to self-employed persons or legal entities.

The amount of the compensation and the principles for the reimbursement of expenses shall be regulated either in the articles of association or in the regulations of the association.

Attendance fees are considered compensations and therefore taxable income (salary statement, possibly subject to social security). Instead of attendance fees, it is advisable to agree on a lump-sum expense allowance per meeting which covers the expenses for the use of own infrastructure, travel etc.

In addition, the following types of **non-monetary recognition** can be offered to the executive committee:

- Acting committee members can be exempted from membership contributions. However, this requires a respective provision under the articles of association.
 - Associations can assume the cost of advanced training for individual committee members or for the entire committee in the context of the management of the association.
 - The association may pay once a year for a meal out or an excursion, spa visit, etc. for the members of the executive committee.
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- The work and time put in by honorary committee members can be specified in a statement (e.g. FILE VOLUNTARY ENGAGEMENT, www.dossier-freiwillig-engagiert.ch)
- The hours worked by the executive committee on an honorary basis should be recorded and disclosed, e.g. in the annual report or the notes to the annual accounts.

2. Reimbursement of expenses

Expenses are costs arising in direct connection with the performance of a committee function, e.g. postage, telephone charges, travel costs, meals, childcare, own infrastructure such as PC, printer etc. Costs incurred by a committee member on behalf of the association (e.g. for the purchase of material, cash expenses for projects, etc.) are not expenses (and should not be classified as such in accounting) but refunds of disbursements made in favour of the association. For such purchases, invoices should be requested from the supplier, wherever possible.

Hours worked are not part of the expenses.

The refund of actual disbursements should be a matter of course for all associations.

The Swiss Tax Conference has issued model expense regulations for non-profit organisations which include the following provisions on maximum amounts for expenses, such as travel, meal and accommodation costs (<http://www.steuerkonferenz.ch>, in German):

- Postage, telephone calls, photocopies, etc.
- Train tickets with Half-Fare Travelcard discount, 2nd class
- Car expenses: max. CHF 0.70 per km
- Meals outside the home: CHF 30–305
- Advanced training for the executive committee: course expenses, travel costs, accommodation, main meals
- Hotel accommodation: medium-category hotel including breakfast
- Childcare: max. CHF 30 per afternoon or evening
- Gifts made on behalf of the executive committee (flowers, book vouchers, etc.)

Expenses should be reimbursed upon submission of bills / receipts whenever possible. If the calculation of individual expenses is too complicated, expenses can also be reimbursed **as a lump sum based on an estimated amount**.

In this case, expense regulations have to be drawn up. If these expense regulations meet the conditions of the [Model expense regulations for NPOs issued by the Swiss Tax Conference](#), the expense regulations need not be approved by the cantonal tax authority. Expense regulations that provide for lump-sum allowances of more than CHF 1000 per year and person or for other remunerations not provided for in the model expense regulations must be submitted to the cantonal tax authority and a salary statement has to be issued (list lump sum under section 13.2).

Even if no lump-sum allowances are provided for, the preparation of written expense regulations is advisable. The regulations should apply to everyone and everyone should be aware of them. Expense regulations increase transparency and help to prevent conflicts. As a rule, the expense regulations are to be approved by the general meeting, since the executive committee has a personal interest in these regulations and must recuse itself.

3. Model expense regulations

The following model regulations include boxes with comments. In addition, we have provided variations on individual provisions. Please only adopt the phrases that apply to your association. Of course, you can include further provisions and more detailed regulations, as long as these correspond to the Circular's Model expense regulations.

1. General provisions

1.1. Scope

These expense regulations apply to all members of the executive committee and volunteers working for the association "[association's name]". Committee and volunteer work is performed without compensation. Only the expenses incurred in connection with this work shall be reimbursed.

Comment:

Depending on the association's requirements, the expense regulations cover the expenses of the executive committee only or they also apply to other persons who work for the association free of charge.

1.2. Definition of the term expenses

Expenses are costs incurred in the course of voluntary work. The following costs shall be reimbursed:

- Travel costs	see below	Paragraph 2
- Costs for meals	see below	Paragraph 3
- Other costs	see below	Paragraph 4

1.3. Reimbursement of expenses

As a principle, expenses are determined for each actual expense event against the original receipt. Lump-sum expense allowances are granted in the exceptional cases listed below.

2. Travel costs

2.1 Principle

Wherever possible, all those working for the association should use public transport for travelling to assignments and for trips on behalf of the association.

Comment:

The cost of travelling to voluntary assignments should be compensated whenever possible.

Variation: If required, employees will be provided with a personal Half-Fare Travelcard or a corresponding tram or bus ticket; a regional special ticket (indicate name if applicable) or a combination ticket can be issued.

2.2 Use of private car / taxi

The costs for the use of a private motor vehicle or taxi shall only be reimbursed if their use results in a substantial saving of time and/or costs or if the use of public transport is unreasonable. If, despite good public transport infrastructure, a private vehicle or a taxi is used, only the cost of public transport will be reimbursed.

The allowance per kilometre is max. CHF 0.70

Comment:
It is permissible to set a rate lower than CHF 0.70 per km.

2.2 Events for which travel expenses shall be reimbursed

For the following assignments, travel expenses will be reimbursed to members of the executive committee and volunteers:

Comment:
It must be established for which assignments (e.g. committee meetings, participation in events, etc.) travel costs are to be covered.

3. Meal allowance

If committee members or volunteers take part in an event or are obliged to “eat out” for other reasons, they are entitled to the following lump-sum allowances:

- Lunch: max. CHF 30
- Dinner: max. CHF 35

Comment:
It makes sense to list the occasions on which (committee) members are entitled to eat out.

4. Other costs

Committee members (and possibly other office holders in the association) shall receive a lump-sum allowance, which covers all general expenses such as parking fees, telephone charges, the use of private facilities such as office space and office equipment for committee meetings as well as travel to committee meetings:

- Chairperson and treasurer	CHF xxx per year
- Other members of the executive committee	CHF xxx per year
- Optional: Other office holders	CHF xxx per year

Comment: According to the Model expense regulations for NPOs issued by the Swiss Tax Conference on 13 December 2021, an annual lump-sum allowance of up to CHF 1000 may be paid for other expenses such as parking fees, telephone charges, stamps as well as for the use of private facilities such as office space and office equipment. The lump-sum expense allowance must be roughly equivalent to the actual expenses.

or

Committee members shall receive a lump-sum allowance of CHF xx for each committee meeting in which they participate. This lump-sum allowance covers the general expenses for the use of private facilities such as office space and equipment, photocopies, parking fees in the context of travel to committee meetings and for any meals.

Comment:
Instead of attendance fees, a lump-sum expense allowance can be determined for each session attended. Such a lump-sum expense allowance may also be agreed for other occasions, such as meetings of work groups, visits to delegates' assemblies, etc.
The lump-sum allowance must correspond to the actual expenses and may not exceed CHF 1000 per person per year.

5. Expense report

The expenses incurred (except lump-sum expense allowances) shall be reported using the appropriate form (monthly, quarterly, half-yearly or yearly) with indication of responsible person/function and submission for approval.

Original receipts such as invoices, sales slips, credit card receipts and travel expense receipts must be attached to the expense report.

Optional: The expense form also serves as the basis for drawing up statistics of assignment.

Optional: The expense report has to be completed even if a committee member or volunteer waives the reimbursement of expenses. In this case, the association shall issue a donation receipt for the corresponding amount.

Comment:

Donation receipts can only be issued if the association is declared tax-exempt by the cantonal tax authorities due to its non-profit character.

6. Salary statement

According to the Model expense regulations for NPOs issued by the Swiss Tax Conference on 13 December 2021, volunteers who are reimbursed only for expenses in connection with their work assignment do not have to be issued with a salary statement if the reimbursement of the expenses is in accordance with the Model expense regulations for NPOs.

The reimbursement of expenses of the association “[association’s name]” according to these expense regulations corresponds to the Model expense regulations for NPOs.

Comment:

However, if a salary statement is issued, e.g. because a salary has been paid out or the compensation pursuant to paragraph 4 of the expense regulations exceeds CHF 1000, the amount of the lump-sum expense allowance must be listed in the salary statement under section 13.2. The listing under section 13.2 may be omitted if the expense regulations have been approved by the cantonal tax authority.

7. Validity

These expense regulations correspond to the provisions of the Model expense regulations for NPOs issued by the Swiss Tax Conference on 13 December 2021. Thus the expense regulations need not be submitted to the tax authorities unless required to do so.

or

These expense regulations have been approved by the tax authority of the canton of

Due to this approval, “[association’s name]” abstains from listing the amount of expenses determined according to actual expenditure in the salary statements.

Any amendment to these expense regulations or their substitution shall be submitted to the tax authority of the canton of for prior approval. The tax authority shall also be informed if the regulations are repealed without substitution.

Comment:

If the provisions of the model expense regulations according to the Swiss Tax Conference are met, approval by the cantonal tax authority may be dispensed with.

8. Entry into force

These expense regulations enter into force on by resolution of the general meeting.

Place, date

Signatures