

European (& the GCC) Employment Law Update

Jurisdiction: Switzerland
 Date: November 2017

Impact date	Development	Impact
20 June 2017	Staff lending services within group of companies also subject to authorization	<p>In Switzerland, the provision of staff lending services is governed by a specific statute and a related ordinance. In a nutshell, the renting of staff to other companies on a commercial basis (i.e., that goes beyond the occasional secondment) requires an authorization from the cantonal authorities and, if staff is rented to a company outside of Switzerland, an additional authorization from the federal authorities. Specific provisions must also be considered in the employment and lending contracts. Furthermore, staff lending from abroad into Switzerland is prohibited. The statute does not contain specific legal provisions for staff lending within a group of companies. Until recently, however, the practice of many cantons was to accept staff lending within a group without requiring an authorization.</p> <p>In June 2017, the federal authorities issued a directive addressing specifically the provision of staff lending services within a group of companies. According to the new directive, staff lending within a group should not be considered differently than other situations. Thus, unless it is limited to an occasional secondment now and then, e.g. for knowledge transfer, staff lending will require an authorization (or even two, in cross-border cases). In addition, staff lending from abroad into Switzerland within a group will only be permitted in occasional cases.</p> <p>This new practice will have a significant impact on some groups of companies, in particular those using “staffing companies”.</p>

