

TAXATION AT SOURCE – IMPORTANT INFORMATION

Concerns: Employees paid by two distinct financial sources (funds and public source/DIP) and subject to income tax at source

Employees in the above situation must know that they are taxable on their total salary.

In the case of two distinct sources of payment, **the income tax deducted directly** from the monthly income **has not been adjusted to the total income** from both sources. The salary offices of the DIP and of the University both deduct income tax for the portion of the annual salary which they manage, but **at a rate applicable to their portion alone and not at the rate applicable to the total income** received by the employee.

Example: Assistant paid at 2/10 by DIP and as CANDOC by the Fonds national

- Portion of salary paid by DIP (Class 8/6 at 2/10th) = CHF 19'076.00.
 - ➔ No income tax is deducted at source, as the income is below the taxable minimum (which is CHF 21'000.00 according to the 2005 income tax table)
- Portion of salary paid by the Fonds national (Candoc 2) = CHF 36'000.00
 - ➔ Income tax deducted at the rate applicable for a single person with an annual income of CHF 36'000.00, that is at a rate of 7.45 % (according to the 2005 income tax table)

Tax rates being progressive, the rate applicable to the total income of CHF 55'076.00 (CHF 19'076.00 + CHF 36'000.00) is **12.10 %** and not 7.45 %. Furthermore, it is the **total income** which is subject to tax.

The fiscal administration of the canton (AFC) will establish a rectification of taxation in the following year. The income tax due for the year amounts to CHF 6'664.20 (12.10 % of CHF 55'076.00) and, after deducting the income tax already paid (7.45 % of CHF 36'000.00, that is CHF 2'682.00), the AFC will ask for payment of the balance, CHF 3'982.20, in **30 days !** (in case of any problem, a model of a letter asking for payment of the tax by installments is available in your secretarial office).

It is therefore important to be prepared for this rectification and to save a corresponding amount (around CHF 350.00) every month in order to be able to pay off the balance of the taxes.

You will find the table for income tax at source here : http://ge.ch/impots/Barem_IS_2012