



Notification procedures for restructuring: efficient, tax-neutral and legally sound

Restructuring is part of everyday business life. The notification procedure makes it possible to handle certain transfers of assets in a VAT-efficient manner without triggering unnecessary liquidity pressures. However, correct application requires that the legal and time-related requirements are identified and met at an early stage.

What is the notification procedure?

The notification procedure is a special form of VAT accounting that can be applied in connection with restructuring and asset transfers. It plays a particularly important role when businesses, parts of businesses or selected assets are transferred as part of reorganisations. The aim of the reporting procedure is to handle such transactions for VAT purposes without an actual cash flow of tax and instead to record the VAT by means of a report to the Federal Tax Administration (FTA). In this context, the acquirer generally assumes the seller's VAT position, particularly with regard to the tax base and the right to deduct input tax.

Mandatory application and relevant requirements

In practice, the notification procedure must be applied in certain circumstances, such as in the case of qualifying restructurings or the transfer of a business or part of a business, provided that the parties involved are subject to VAT. Whether these conditions are met depends on various factors, including the structure of the transaction and the relationship between the parties involved. The notification procedure is generally applied as part of the regular VAT return for the accounting period in which the transfer of assets is legally implemented. Under certain circumstances, administrative practice also provides that the notification

procedure may be applied retrospectively, provided the transaction was handled consistently for VAT purposes.

Voluntary application and time limits

Where the notification procedure is not mandatory, it may be considered on a voluntary basis under certain conditions. This applies in particular to certain transfers of land or restructuring-like transactions where there is a corresponding interest in processing the transaction via the notification procedure. In such cases, the formal requirements and the timing of the declaration are of particular importance. Administrative practice has further clarified these aspects in recent years, in particular by more clearly defining the time limits within which the notification procedure can still be applied if formal references are missing from the contract or the settlement.

Practical relevance and need for action

Against this background, it is clear that whilst the notification procedure is an established tool for restructuring, its application requires a careful assessment of the specific facts of the case as well as an understanding of the relevant timeframes. Addressing these issues at an early stage helps to avoid undesirable VAT consequences and to create legal certainty.

Our support

Grant Thornton Switzerland and Liechtenstein assists companies with the VAT classification of restructurings and supports them in assessing whether and in what form the notification procedure can be applied. We are available as a point of contact for questions regarding structuring, the timing of implementation and the formal framework conditions.



Dr. Matthias Hofer

Partner, Tax
Grant Thornton Advisory AG
T +41 43 960 71 43
E matthias.hofer@ch.gt.com

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