

Time to give back

JULIE WYNNE EXPLORES HOW NON-FINANCIAL PHILANTHROPIC SUPPORT CAN BE OFFERED THROUGH EMPLOYEE VOLUNTEERING IN SWITZERLAND

IN RECENT YEARS, the role of companies in society has undergone significant change. It is no longer a question of whether companies should assume a social responsibility beyond profit-making, but rather how they can best contribute to society, particularly in light of the UN's Sustainable Development Goals.

Employee engagement is playing a central role in the corporate social responsibility strategy of companies; employee volunteering, in particular, is becoming more common. As the European Commission has said: 'By investing in employee volunteering, companies not only do "good" in the local community, but at the same time improve their reputation and image, help create a team spirit, improve job satisfaction, and raise productivity while allowing employees or officials to develop new skills.'¹ Employee volunteering also fits well with the purpose quest of the younger generations that wish to embed purpose in an exciting professional life.

Not-for-profit organisations not only benefit from access to skills that might otherwise be too expensive or out of reach, but also from collaborating with people who have different external perspectives and approach the organisation's challenges in a new way.

Employee volunteering appears to be a promising tool that can trigger positive effects, both within and outside companies. But what challenges are faced in Switzerland by companies willing to establish employee volunteering programmes?

FORMS OF EMPLOYEE VOLUNTEERING

Employee volunteering takes various forms. Some companies provide that corporate volunteering take place at specific times, while others offer flexibility. Various options apply for the type of activities that appear in such programmes; some companies have a limited number of specific programmes that employees can support, while others allow employees to collaborate with the not-for-profit organisations of their choice.

Some companies prefer traditional volunteering, where employees engage in activities that do not require them to utilise their specific professional skills and expertise (e.g. a bank employee volunteers in a soup kitchen). Others prefer skills-based volunteering, where employees volunteer their professional skills and expertise to support not-for-profits (e.g. an accountant prepares the financial plan and accounts for an association).

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JULIE WYNNE TEP IS A PARTNER AT FRORIEP



STEPS TO ESTABLISH AN EMPLOYEE VOLUNTEERING PROGRAMME

Once a company has decided to establish an employee volunteering programme, the first step is to clearly define its framework through policies with clear rules, processes and quality standards to ensure the greatest impact. Next, it is important that the programmes gain acceptance among employees; companies should find ways to motivate employees without putting pressure on them to participate.

In addition to appropriate internal communications, attention should be given to a needs-based design of employee volunteering programmes. It is important to take into account the diversity of interests and life situations among employees. A good option is to carry out an employee survey in advance; this gathers information about employees' previous volunteering experience, as well as what topics they are interested in and how much time they have available.

TAX REGIME IN SWITZERLAND

In Switzerland, organisations that pursue only a public-benefit purpose (charitable, humanitarian, health-related, ecological, educational, scientific or cultural) can be granted tax exemptions.

Under Swiss law, a donation to such a tax-exempt organisation allows Swiss-resident donors (individuals or legal entities) to deduct it from their annual net taxable income. At a federal level, gifts to tax-exempt organisations are deductible up to 20 per cent of income. For cantonal taxes, the deductible amount depends on each canton's legislation. Whether donors domiciled abroad are entitled to a deduction in their home state depends on their domestic laws.

Only donations of money or assets, such as real estate, artworks or other intellectual property rights, may be granted tax deductibility. This does not include work hours offered. Therefore, skills-based volunteering is less optimal from a tax point of view, as it does not benefit from such tax relief.

In the meantime, and even if they do not benefit from tax incentives, Swiss companies can explore various ways to provide non-financial support to not-for-profit organisations, remembering that philanthropy goes beyond grants and can extend to in-kind donations, such as food or unsold items, and sharing the company's influence and network to promote the work of a charity.

¹ SOC/431 EU Policies and Volunteering