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## The Coronavirus Pandemic: Its economic impact on Sport in Switzerland

This entry was posted on 04 May 2020 10:14, in [Free, Sports And Taxation](#).

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Switzerland was hit soon after Italy by the COVID-19 Pandemic (Coronavirus), especially in the southern part of Switzerland at the border with Italy, as well as the western part of Switzerland, Geneva.

When the Coronavirus started in Switzerland in February/March 2020, there was a lot of uncertainty in Switzerland regarding what kind of precautionary measures should be taken, especially in the field of sport. But, at that time, the financial impact was not visible.

The Swiss Players Union (SAFP) was the first to look after the health of the players and elaborated, on 8 March 2020, rules of conduct for players and clubs, because the Coronavirus situation was not taken so seriously in the sports sector at that time. ([http://safp.ch/sites/default/files/article\\_attachment/code\\_of\\_conduct\\_for\\_players\\_clubs.pdf](http://safp.ch/sites/default/files/article_attachment/code_of_conduct_for_players_clubs.pdf)).

When the Coronavirus situation became worse, the Federal Council of Switzerland declared, on 16 March 2020, a state of emergency for Switzerland. That declaration allowed the Federal Council to take control of the legislative power in Switzerland from Parliament. And the Federal Council used this power extensively by introducing certain prohibitions and new laws and amendments of laws that had an effect also on the whole of the sports sector in Switzerland.

As of 20 March 2020, gatherings of more than five people were banned. All sports events were prohibited and hence, as of that date, sport in Switzerland came to a complete standstill. This is still the situation today.

It is clear that professional sport in Switzerland suffered a lot and is still suffering much. All competitions had to stop. In ice hockey, the Swiss Ice Hockey Federation decided to end the season and to have no champion and no one who would be relegated. The Swiss Football League did not end the season but suspended it. This suspension of the season 2019/2020 is still in place.

Such termination or suspension of professional sport has enormous economic consequences for the clubs.

They still have to pay the salaries of the players but do not have any income from ticket sales and catering during games anymore. For professional clubs in Switzerland, the ticket sales are important sources of income. From club to club it varies, of course, but ticket and catering sales reach up to 1/4 of the budgets of a football club. This is also due to the fact that television-revenues are much lower in Switzerland than compared to England, Italy, France or Germany.

This economic impact has had various consequences in the field of sport. Especially football clubs started to have heavy and long discussions with players to reach an agreement on the deferral of and reduction of their salaries.

One club, FC Sion, did push the players very aggressively to accept short time work. Short time work is an instrument of Swiss law that allows the employer to ask the unemployment state insurance to pay a part of the salary of the employee. The maximum insured salary is CHF 12,350. If a player earns this amount, he would get with short time work 80% of that amount but would lose all his salary that does exceed the CHF 12,350, unless the employer would by free will pay the rest. This instrument of Swiss law is possible only if the employee agrees to it. If the employee does not agree, the employer still has to pay the full salary and no short time work is possible.

At that point in time when FC Sion asked the players whether they would agree for short time work, the Swiss law did not allow short time work in case of fixed-term contracts as is the case in football. Hence, all the players of FC Sion did not agree to something that was legally not possible. FC Sion was not happy with this approach of the players and cancelled the employment contracts of 9 players with immediate effect.

Two days later, on 20 March 2020, the Swiss Federal Council did amend the short time work law and allowed short time work also for fixed-term-contracts. This instrument was now used by many professional sports clubs, especially also in football, as an instrument to have the state pay a big part of the salary of the players during the Coronavirus crisis. A lot of bilateral discussions between clubs and players took place and many different solutions were found to help the clubs. The players did help the clubs a lot in these difficult times.

However, the Federal Council also recognised that sport in Switzerland was hit hard by the measures ordered and provided a fund for professional sport in the amount of CHF 50 Mio. and for amateur sport also of CHF 50 Mio. This money can be used by clubs to avoid bankruptcy situations. It is not yet absolutely clear what the conditions are to be able to access this fund.

Furthermore, the Federal Council put in place a possibility for all companies, including companies in the field of sport, to obtain, without any big formalities, 10% of the yearly turnover of the company as a loan up to CHF 500,000, without interest, to be repaid within 5 years and with a guarantee of the state in case of insolvency of the company.

Actually, the discussion about reopening sport has started. It is foreseen that, as of 11 May 2020, single sport, such as Tennis, can be played again, but, of course, with a lot of precautionary measures. As of 8 May 2020, the Federal Council will allow trainings in groups, but only in professional sports. The players Union SAFF did not agree to the restart of the training yet, because, as of now, the Union was not provided with a return to play protocol by the Swiss Football League that could be checked by the specialist of the players union SAFF.

In theory, the Swiss Football League is intended to restart the season on 8. June 2020 with games played behind closed doors. However, concerning games played behind closed doors, the Federal Council will decide on 27 May 2020.

In the meantime, discussions between the clubs of the Swiss Football League and the League have started as to whether the costs to finish the season with games played behind closed doors are higher than those to stop the season now. And of course, the failure of the Swiss Football League not to insure the risk of a pandemic is greatly discussed as well. These insurances were available and were not taken up by the League. The Swiss Ice Hockey Federation, for example, which organised the World Championship, due to be held in Switzerland in May 2020, did have such insurance and did cancel the event without big discussions.

Furthermore, if the professional sports sector in Switzerland is not able to return soon to games with fans, the financial situation will become dramatic and it is foreseen that a few clubs will not survive the Coronavirus crisis if this situation will go on for a further 3 months. Football clubs, for example, are talking about a financial loss of around CHF 250 Mio. for the whole sector.

That is the reason why the Federal Council is debating whether to provide more financial support for sport or not.

In case of cancelling the season, great discussions will start on the following topics, because the rules in football are not clear:

- Is there a champion of a season that was stopped?
- If there is a champion, who shall that be?
- Is there a relegation in a season that was stopped?

- If there is a relegation, who shall that be?
- Who is to be qualified for UEFA Tournaments?
- For the second division (Challenge League), the same questions and also the question if there is a club to be promoted to the first league (Super League)?

One thing is clear, however, we will all have to learn lessons for such a kind of crisis in the future.

Federations and Leagues will have to think more about taking out insurance in case of any possible interruption or cancellation of a Championship.

Furthermore, clear rules concerning all aspects of ranking will have to be established for any cancellation of a Championship.

And, of course, lawyers, who represent players or clubs, will have to consider contractual terms that govern such a crisis as Coronavirus, especially '*force majeure*'.

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