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**SEMINAR ON BALANCING PRINCIPLES OF PROFESSIONAL AUTONOMY AND
ACCOUNTABILITY WITH THE MANDATE TO PRODUCE POLICY RELEVANT DATA**

**SESSION II: BEYOND THE PRODUCTION OF OFFICIAL STATISTICS: CREATING
SYNERGIES, AVOIDING CONFLICT**

**THE INTRODUCTION OF A BUSINESS IDENTIFICATION NUMBER IN
SWITZERLAND**

Note by the Swiss Federal Statistical Office

I. INTRODUCTION

1. By the end of 2010, Switzerland plans to assign a unique business identification number to all businesses. In 2007, the government decided to commission the FSO to introduce the unique business identification number based on the Business and Enterprise Register. Over the medium term, the unique business identification number will replace all existing administrative identifiers in Switzerland—particularly the numbers of the Commercial Register and the value added tax.

2. The unique business identification number will ease the administrative burden currently borne by businesses. This is intended to boost the productivity of Swiss industry and increase the number of business start-ups. Streamlined processes mean that information currently available to different administrative units can be shared and no longer has to be repeatedly collected from the businesses. The Swiss Federal Statistical Office has been working towards this goal for a number

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of years. Outside the field of statistics, in most cases relatively little progress has been made in the utilisation of administrative data. A reason for this is the variety of identifiers used by government agencies which makes the consolidation of data if not impossible, costly in terms of time and resources. This situation not only entails inordinate costs for businesses, but also for public administration. It results in inefficient processes and the duplication of efforts, which the unique business identification number (UID) is meant to eliminate.

3. The introduction of the UID is a big challenge for the Swiss Federal Statistical Office (FSO), not only because of the complexity of the task itself, but also because of the close interconnection between a statistical register (BER) and an administrative register (UID register). This has repercussions on all of Switzerland's economic statistics. But by and large it is fair to say that the UID will be advantageous to the Swiss statistical system.

II. PROPOSED SOLUTION

A. Requirements

4. To fulfil the task of introducing the UID, a number of requirements that have a direct impact on the project have to be met. These requirements are on the one hand intended to facilitate a rapid, streamlined and cost-effective introduction of the UID and, on the other, to ensure that it will be accepted at the political and policy level.

5. As rapid and streamlined an introduction of the UID as possible will be achieved by allocating an identification number to businesses only. There are currently no plans for an identifier for local units, such as exists in various other countries. Moreover, the UID is not intended to impose any new obligations on businesses. In addition, in order to keep the costs of introducing and running the UID as low as possible, government agencies should also have to make as few adjustments to their processes and IT systems as possible. That is why the FSO was commissioned to introduce and manage the UID: in Switzerland there is no business register that is nearly as complete as the Business and Enterprise Register (BER – BUR in German). Furthermore, many of the necessary processes already exist in the BER and can be utilised.

6. In order to render the UID as broadly useful as possible, the term "business" is to be given as broad a definition as possible. As a result, all contacts between a business and government agencies will be carried out with this number. In addition, in the medium term, existing identification numbers are to be replaced by the UID.

7. The planned introduction date is 1st January 2011. By that date, besides setting up the necessary technical and organisational infrastructure, a special law establishing a legal basis for the UID will have to be drafted. Government agencies will then have five years to adapt their processes and IT systems and to replace existing identifiers with the UID.

B. The UID register

8. A register specially established to assign and manage the UID is necessary. For reasons of data protection and data security, this register only contains absolutely necessary information about the business (e.g. UID as well as name and address of the business). Statistical data such as

turnover or number of employees are not kept in the UID register. To introduce the UID, the necessary data are drawn from the BER. In order to obtain information that is as up-to-date and complete as possible, the BER already contains an automated exchange of data with the most important partners (e.g. Commercial Register or VAT). These links will also be used and further developed for the UID.

9. The current concept envisions that the BER and the UID will continuously balance each other. Thus, both registers share a basic overall content and are equally up to date. The UID contains clearly defined interfaces and internet applications which can be used by government agencies to register new businesses or changes in the existing UID data. To protect against misuse, members of the public cannot register new entries or modifications to existing entries; instead, they have to report such entries or modifications to an administrative office which then forwards the information to the UID register. But members of the public are able to consult various types of information via the internet and to use the identifier for their own data collections.

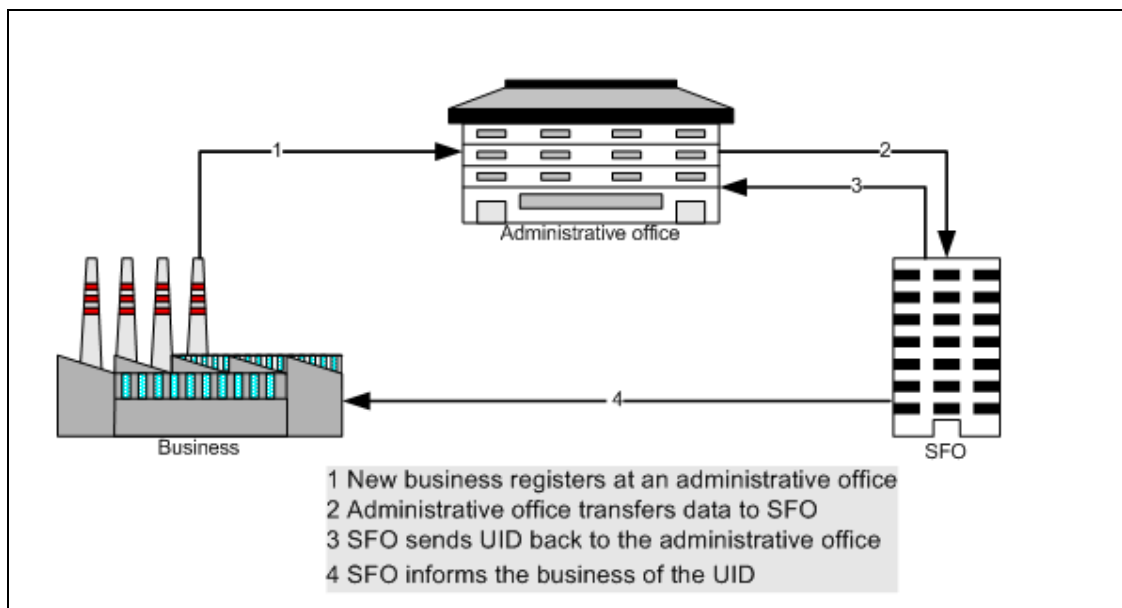
C. Tasks for government administration

10. Of crucial importance for the success of the UID is that the number should meet as many of the needs of public administration as possible and that it can therefore also be used by businesses in all its contacts with the authorities. Different administrative offices often have different definitions for a business. These definitions are also different from the statistical definition used by the BER. Consequently, coordination between the two registers is a matter of high priority. Otherwise, statistical biases or breaks in time series can arise. This is an additional reason why the UID register and the BER are kept physically separate.

11. Since businesses are not supposed to be saddled with additional obligations because of the UID, they can also not be expected to report changes to the UID register. Consequently, such information must come from the government administration. The UID law requires the government administration to report new businesses and changes in existing businesses to the UID register as soon as it finds out about them. To ensure that the administrative offices involved do not have to cope with additional work, these flows of information ought to be automated wherever possible.

12. New businesses that do not yet have a UID report to an administrative office. This office records the necessary data and transfers them to the UID register. A number of automatic checks are carried out at the UID register and within seconds the administrative office concerned is informed of the corresponding UID. The data are then immediately accessible to other administrative offices. More detailed checks of the data in the UID register can be carried out subsequently.

Diagram 1

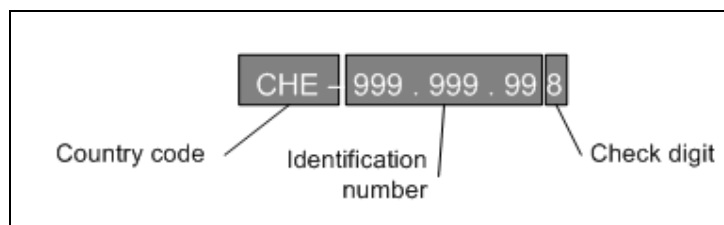
New registration of a business

13. The large number of administrative offices concerned presents a challenge. If all potential partners at the federal, cantonal and municipal level are considered, and the social insurance funds are also included, we quickly get several hundred, if not several thousand administrative offices which can register information with the UID register. This presents a major challenge for processes and IT systems. In this context, it should be noted that not all information that is registered is of the same quality and that some of the registered information has a legal effect (e.g. Commercial Register) and may not be changed by the other administrative offices. Correct planning of the corresponding processes is therefore extremely important.

D. The unique business identification number

14. The BER business number (enterprise number) is already partially used for administrative purposes and is, consequently, widely used by government agencies and private business. In addition, having eight digits and a check digit, it has a sufficiently large range of numbers. Consequently, it was decided to also use this business number for the UID. To mark the origin in the international context, the business number is also preceded by the country code in the Alpha-3 format in accordance with ISO 3166-1 (CHE).

Diagram 2

Composition of the unique business identification number**E. Data protection**

15. Although the data in the UID register are not sensitive data, it is nevertheless important to pay due attention to data protection. While the ability of administrative offices to consult the UID should not be restricted, the general public's ability to do so certainly should. For example, private individuals may only make single queries. This is to prevent entire address lists from being generated by means of the UID register. In order to prevent misuse, it is important to take great care in authenticating administrative offices that register information with the UID. Moreover, the administrative offices are not informed of the registration of new businesses. They only receive information about changes in data which they keep in their data bank.

III. ADVANTAGES FOR ALL INVOLVED

16. From the perspective of government agencies, the UID simplifies the exchange of data among administrative offices. This makes it possible to have more up-to-date data, because the exchange of data can be automated and all administrative offices involved are entitled to be informed about data modifications in the UID register. In addition, the identifier makes it possible to avoid duplications in processes and to automate and streamline operational procedures. All in all, the UID offers government agencies considerable savings in time and resources which will rapidly offset the costs of investing in the UID. Businesses also benefit from these streamlined processes, because they have to fill in fewer forms and do not have to use a different identification number for each administrative process.

17. The UID offers public statistics two main advantages: an unambiguous identification of businesses and a multiplicity of new data sources.

18. A clear and unambiguous identification throughout the government administration enables the FSO to develop new data sources which have hitherto not been available for use and which consequently have had to be collected by means of direct surveys. This eases the burden on businesses and offers the statistical community more frequent, more up-to-date and more cost effective data.

19. Because administrative offices are obliged to report certain information for registration, the BER obtains more up-to-date and complete data. In particular, we expect that the UID will

provide better coverage of small businesses, self-employed persons and liberal professions such as doctors and lawyers.

IV. STATUS OF WORK AND FUTURE COURSE OF ACTION

20. It is planned that as of 1st January 2011, all businesses in Switzerland will know their UID and will be able to use it when contacting certain administrative offices. To make this possible, by that time a legal foundation must exist, the IT systems must be in place and all businesses must know their UID.

A. Legislation

21. The Swiss federal system gives the cantons a high degree of political autonomy. Only under certain circumstances can the federal authorities bring about an adjustment of cantonal legislation. Yet because most of the contacts between businesses and government agencies in Switzerland take place at the cantonal level, for the success of the UID it is imperative that the cantons be integrated. Consequently, legislation should be strongly geared towards the needs of the cantons, without neglecting the above-named goals. For this reason, good coordination during the legislative process is important despite the fact that deadlines are very tight. The plan is that by the end of 2009 a draft law will have been drafted which Swiss parliament will be able to ratify during the first half of 2010. The enactment of this UID law is planned for 1st January 2011.

B. Information technology systems

22. In order to guarantee the introduction and operation of the UID, a central UID register, standardised interfaces and an internet application are necessary. These elements must be developed from scratch and need to be ready for deployment on 1st January 2011. The FSO is currently working on developing the architecture of the IT solution. Programming work should start by the middle of the year. From the perspective of data security, important points in this context are the communication channels, the authentication of connected administrative offices and the protection of registers from hacker attacks. Because in future many administrative processes will depend on the allocation of the UID, a breakdown of the UID register could have serious repercussions for the entire government administration.

23. Most administrative offices will only be able to adapt their IT systems once the UID law is in force. This means that a complete utilisation of the UID and the replacement of all existing identification numbers will only be possible two to five years after the UID is introduced.

V. OUTLOOK

24. The rapid and streamlined introduction of the UID will not be able to meet all the needs of businesses and government agencies. This was never the goal. What is important is that the UID system will allow further development and expansion. Current needs include the following:

- (a) The possibility for businesses to report information for registration themselves;

- (b) Identification of local units;
- (c) Obligation to use the UID (e.g. printing the number on all business documents);
- (d) Guarantee of accurate register content by the FSO;
- (e) Businesses' obligation to report information in case of business start-up or modification of information in the register;
- (f) Authentication options for businesses (trust register, digital signature).

25. There is, however, currently no plan to put these points into practice. The goal is to successfully introduce the UID by 2011. Once this identifier has established itself in Switzerland, we can expect many other needs to become apparent.

VI. THE UNIQUE BUSINESS IDENTIFICATION NUMBER AND THE PRINCIPLE OF CONFIDENTIALITY

26. Because the UID register is, in theory, a subset of the BER, confusion could arise between statistical and administrative tasks. In order to prevent this happening, various technical, organisational and legal measures have been taken, as already mentioned. From the very beginning the FSO excluded the possibility of public access to the BER. A separate register was therefore compiled, which contains no statistical data, is physically completely separate from the BER and can be operated without it. By involving all relevant public authorities in the provision of data, the register is updated using administrative information and not through statistical surveys. This means that primary data collection is not carried out by the FSO but by the administrative authorities responsible. At the same time it is envisaged that the data in the BER will not be processed by the same people as for the UID register. Furthermore, a legal foundation is being compiled in order to regulate conclusively the data sources, exchange of data and access to the register.

27. Data which is transferred from the UID register to the BER will not be automatically adopted by the latter, but will first be examined to ascertain whether or not the information concerned is statistically relevant. There will be great differences in particular as far as addresses and public administration units are concerned. This is intentional and will not have an influence on public statistics.

VII. ADDITIONAL INFORMATION

28. On its webpage, the FSO continually makes available the latest information on the subject of the UID in German, French and Italian. The link is:

www.uid.bfs.admin.ch

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