

Relocation to Switzerland

Foreign nationals taking up residence in Switzerland and meeting certain criteria may opt for lump-sum (expense-based) taxation – an attractive regime offering financial advantages, privacy regarding foreign assets and simplified tax compliance. An overview of the Swiss tax system, residence permit rules and property purchase considerations.

OVERVIEW

Switzerland taxes on three levels – federal, cantonal and municipal – resulting in materially different effective rates and rules between cantons and communes

Tax residence arises when a person settles in Switzerland with intent to remain permanently, or after a continuous stay of 30 days (with gainful activity) or 90 days (without gainful activity)

Ordinary taxation generally applies to worldwide income and wealth; capital gains on privately held movable assets (e.g. shares) are generally tax-exempt; dividends from participations of at least 10% qualify for partial relief

Inheritance and gift taxes are levied at cantonal level only; spouses and in most cantons direct descendants are usually exempt; Schwyz and Obwalden levy no gift or inheritance taxes

Key facts

Tax regime options	Ordinary taxation (worldwide income and wealth) or lump-sum taxation (expense-based, for qualifying foreign nationals)
Lump-sum – eligibility	Foreign nationals taking up Swiss residence for the first time without gainful activity in Switzerland
Lump-sum – Cantons	Available in all cantons except Basel-Stadt, Basel Landschaft, Schaffhausen, Zurich and Appenzell Ausserrhoden
Lump-sum – tax basis	Living expenses, but must amount to at least 7x annual rent or rental value of Swiss accommodation and may not fall below the minimum amounts set at federal (minimum taxable income: CHF 435'000) and cantonal level
Control calculation	Annual verification: the tax due should at least be equivalent to the ordinary tax calculated on Swiss-source income and wealth; foreign income is added if DTA benefits are claimed. The higher of the two tax amounts calculated under the lump-sum and control calculation is payable
EU/EFTA nationals	Right to reside and work; non-working persons need proof of sufficient financial means and mandatory health/accident insurance
Non-EU / EFTA over 55	Retiree permit at cantonal discretion: sufficient financial means, health insurance and close ties to Switzerland
Non-EU / EFTA under 55	Permit at cantonal discretion based on fiscal interest of the canton of residence
Swiss property	EU/EFTA nationals with domicile in Switzerland may purchase without restrictions; non-EU/EFTA with permit C are likewise not subject to restrictions; holders of a permit B may acquire their main residence without approval; cantonal approval for secondary residence; purchase before relocation possible with cantonal approval

Key benefits

- Lump-sum taxation determines Swiss tax liability based on living expenses rather than actual worldwide income and wealth. It is generally highly attractive for high-net-worth individuals with significant foreign income and wealth
- Privacy regarding foreign assets and income: no obligation to disclose non-Swiss assets and income in detail under the lump-sum regime (unless claim of DTA benefits)
- Simplified tax compliance: avoids the complexity of a full worldwide income and wealth declaration
- Capital gains on privately held shares and movable assets are generally tax-exempt
- No federal gift or inheritance tax; cantons with no such taxes (e.g. Schwyz, Obwalden) offer particularly favourable succession planning conditions
- Access to Switzerland’s extensive double taxation agreement network may reduce or eliminate foreign withholding taxes on income flowing to a Swiss resident

Our services

- Analysis of income and wealth situation; advice on the most appropriate tax regime and the tax implications of the choice
- Preparation of tax calculations for selected cantons and communes to quantify the differences in tax liability
- Negotiation of the lump-sum tax ruling with the competent cantonal tax authority
- Pre-immigration planning; advice on wealth restructuring needs prior to relocation
- Residence permit application support
- Ongoing tax compliance and administration
- Social security advice and corresponding compliance services
- Legal and tax advice on Swiss real estate purchase (prior to or following relocation)
- International private law matters: marital agreements, wills and estate planning

Who it is for

Client	Foreign nationals planning a relocation to Switzerland seeking to understand and optimise their Swiss tax position before and after the move
Situation	First-time Swiss residency; assessment of lump-sum vs ordinary taxation; pre-immigration planning; residence permit application; Swiss property purchase
Need	An experienced partner combining tax, legal and immigration expertise to accompany the relocation process from planning through to ongoing compliance

Typical use cases

- Assessing lump-sum versus ordinary taxation before relocation, including comparative tax calculations to identify the most suitable canton
- Negotiating the lump-sum tax ruling with the cantonal authority and, if required, re-structuring assets ahead of the move to maximise the regime’s benefits
- Supporting a non-EU/EFTA national through the residence permit process
- Advising on Swiss real estate acquisition prior to or following relocation, including cantonal approval requirements

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