



Moving to Switzerland

Taxation | Real Estate | Residence | Citizenship

“It doesn’t feel so much like talking to a professional services firm...
It feels like a family.”

Simon Anbolt

Independent Policy Advisor and creator of the
Nation Brand and Good Country concepts, United Kingdom

“...a truly global firm of global citizens supporting global citizens
with absolutely outstanding service and results.”

Bill Liao

Co-Founder of XING, Technology Investor,
and Philanthropist, Ireland

“The best place to raise and educate children and to grow and maintain
wealth for future generations may change, but we have found one constant:
Henley & Partners, and they will continue to be our guide for the future.”

Dr. Mary Chappell and Dr. Dale Chappell

St. Barths, French West Indies





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Why Switzerland?

Whatever your needs, there are many reasons to consider Swiss residence as an ideal option for you and your family.

Switzerland is undoubtedly one of the world's most attractive countries to live in. An attractive combination of political and economic stability, a clean and safe environment, and relatively low tax rates makes the country the ultimate choice for both business and residence.

Switzerland is business-friendly by tradition and can offer a solution for every need and expectation for international entrepreneurs and investors. Obtaining a Swiss residence permit for such individuals is a relatively straightforward process.

Through its long-established, highly respected offices in

Switzerland, *Henley & Partners* assists investors and private clients of independent means to find the ideal residence location in Switzerland. For many years, the firm has assisted foreign clients in establishing residence and/or business operations in Switzerland, while also providing legal, tax, and practical and administrative support services on an ongoing basis.

The Swiss taxation system complements the country's reputation as a center for international trade and finance. Many tax privileges have been introduced in order to encourage foreign investment in Switzerland and there are very few restrictions on Swiss investment abroad. Interesting tax planning opportunities are offered by the unique preferential lump sum tax regime available to foreign citizens who do not actively work in Switzerland.



Swiss Residence Permits

There are several different types of residence categories in Switzerland. A distinction is made between European Union and European Free Trade Association citizens (EU and EFTA citizens) and other foreign nationals (non-EU and non-EFTA citizens). For non-EU nationals, a Swiss residence permit gives them visa-free access to all Europe’s Schengen Area states, if their citizenship of origin does not already provide this privilege.

EU and EFTA citizens

EU and EFTA nationals can obtain a residence permit without difficulty if they have an employment agreement with a Swiss employer, if they become self-employed in Switzerland, or, if no gainful occupation in Switzerland is intended, they can prove that they are financially independent with sufficient income or wealth to cover their living costs. The processing time for an application would normally take no longer than two to four weeks.

Non-EU and non-EFTA citizens

The process for obtaining residence in Switzerland for non-EU and non-EFTA citizens is more challenging. Apart from special situations and permits for students, trainees, and patients on health treatment, non-EU and non-EFTA citizens may obtain a residence permit only as gainfully employed persons, as retirees with close ties to Switzerland, or as financially independent persons who are not gainfully occupied in Switzerland and pay considerable amounts of annual taxes.

Non-EU and non-EFTA citizens may acquire a residence and work permit to become gainfully employed in Switzerland if a Swiss employer can prove that they are indispensable for a specific function in the company, that they possess the relevant qualifications for this function, and that no suitable candidates can be found on the Swiss and European labor markets—that is, precedence is given to Swiss, EU and other EFTA citizens.

If a foreign national establishes a company in Switzerland and is employed by it in a senior position, then a residence and work permit may be issued where this can be justified by

economic reasons of sustained relevance to Switzerland. These reasons in particular include the creation of new jobs for which domestic employees may be recruited, the opening up of new markets, the securing of export sales and economically significant links abroad, and the creation of new tax revenue. The requirements vary depending on the canton.

To obtain a permit as a retiree, non-EU and non-EFTA citizens must be at least 55 years old, show pre-existing ‘close ties to Switzerland’, and have sufficient funds. In addition, they must not execute a gainful occupation either inside or outside Switzerland. The key condition here is the minimum age of 55 years. In many cases, it may also be difficult to fulfill the criterion of showing close ties to Switzerland.

Despite these restrictive regulations, non-EU and non-EFTA citizens who do not meet the requirements under the retiree category may still obtain a residence permit. Financially independent persons not gainfully occupied in Switzerland who agree to paying a certain minimum in net annual taxes can usually acquire a residence permit regardless of their age, provided that granting of residence to a potential taxpayer is considered to be in the fiscal interest of the residence canton. The minimum annual taxes that must be paid to qualify under this specific immigration category vary considerably from canton to canton. In order to avoid being taxed on the basis of worldwide income and worldwide wealth, the minimum tax amounts payable is in most cases fixed in a lump sum tax arrangement. This special taxation arrangement is negotiated on an individual basis and is decided on by the cantonal authorities (see further information on lump sum taxation in the ‘Taxation’ section below). This tax regime makes Switzerland an even more attractive place of residence for wealthy persons from all over the world who wish to relocate to a milder tax climate.

Unlike in cases of EU and EFTA citizens applying for Swiss residence, the granting of work or residence permits to non-EU and non-EFTA nationals is always at the sole discretion of the respective authorities. Because of a case-by-case decision process, applicants have to consider an estimated time frame of between two and six months

after lodging their application, depending on the residence category, the canton, and individual circumstances. It is impossible to guarantee that any particular application will be approved. However, *Henley & Partners* always carefully checks each applicant’s individual situation prior to lodging an application. Due to this approach and our proven skills in preparing applications for submission as well as the necessary know-how to get applications processed smoothly, *Henley & Partners* has an unparalleled success rate.

We can assist you with the following services throughout Switzerland:

- Negotiating individual residence or lump sum tax arrangements for EU and EFTA as well as non-EU and non-EFTA citizens on your behalf
- Obtaining work permits for entrepreneurs, investors, and key employees
- Preparing and handling annual renewals of residence and work permits





Permanent residence (Permit C)

Foreign nationals who have resided in Switzerland for a certain period of time may apply for permanent residence (settlement permit or permit C). The minimum residence requirement to obtain permanent residence is generally 10 years.

For EU and EFTA nationals, the issue of settlement permits is in many cases governed by the provisions of the Foreign Nationals Act and by provisions of settlement treaties. EU-17 nationals (except from Cyprus and Malta) and EFTA nationals (as well as citizens of a few further countries) are granted settlement permits pursuant to settlement treaties or reciprocal agreements after five years' regular and uninterrupted residence in Switzerland. For Bulgaria, Croatia, Cyprus, Malta, Romania, and the EU-8 member states, there are no such treaties.

there are cantonal and communal requirements, which vary considerably. Even after this long period of residence, it can take a number of additional years until citizenship is granted, and in some communes, the procedure is arbitrary. Further requirements must be met, such as language tests and an assessment of integration into Swiss society.

However, for children between the ages of eight and eighteen years who legally reside in Switzerland, the years of residence are counted as double with respect to the required minimum physical presence in Switzerland to qualify for citizenship. A minimum of only six years of residence is required before an application for citizenship can be made, always provided that the applicant holds a residence permit C. Switzerland allows dual citizenship.

Citizenship

Foreign nationals who are holders of a permanent Swiss residence permit C can apply for Swiss citizenship after they have resided in Switzerland for at least 10 years. Additionally,

We can assist you with the following services:

- Preparing and filing applications for permanent residence
- Preparing and supporting applications for Swiss citizenship
- Planning for your child's residence period in Switzerland in view of their subsequent acquisition of citizenship
- Preparing citizenship applications based on ancestry



Taxation

Switzerland has a total of 26 sovereign cantons with approximately 2,600 independent communes (municipalities). Based on the country’s constitution, all cantons have full right of taxation except for those taxes that are exclusively reserved for the federal government. As a consequence, Switzerland has three levels of taxation—federal, cantonal, and communal.

Individuals are subject to personal income and net wealth taxation in Switzerland if they have their main residence and/or their center of vital interest in Switzerland. The assessment basis is the Swiss tax resident’s worldwide income and net wealth and potential tax relief according to applicable double tax treaties provided. Individual tax rates are typically progressive depending on taxable income and applicable tax laws at the place of residence. The cumulative cantonal and communal tax rates may vary considerably—currently ranging between less than 10% and more than 30%—whereas on the federal level, a maximum tax rate of 11.5% applies.

Switzerland has an extensive network of double-tax agreements. However, some of these agreements (for example, with France, Germany, and other European countries) are not applicable to individuals who reside in Switzerland on a lump sum tax basis.

Lump sum tax arrangements

Foreign nationals who fulfill certain requirements can qualify for a special tax arrangement whereby Swiss taxes are levied on the basis of expenditure and standard of living in Switzerland rather than on the usual worldwide income and assets. This fiscal arrangement is called lump sum taxation (*forfait fiscal* in French) and is available throughout the country except in the cantons of Appenzell Ausserrhoden, Basel-Landschaft, Basel-Stadt, Schaffhausen, and Zurich. The federal tax law and the relevant cantonal tax laws require that a foreign person wishing to benefit from this special tax regime must not have been resident in Switzerland during the 10 years prior to their residence application and may not carry out a gainful occupation in Switzerland. Under the lump

sum taxation regime, the Swiss tax authorities generally require the assessment of a minimum taxable income that must be equal to at least the tax resident’s worldwide living expenditure. In any event, the taxpayer's living costs are assumed by law to not be lower than CHF 400,000 per year. Furthermore, according to currently applicable tax regulations, the taxpayer’s annual living costs are assumed to be at least seven (in some cantons ten) times the annual rental value of the apartment or house in which the foreign national resides in Switzerland.

Inheritance and gift taxes

Besides offering unique lump sum taxation that effectively caps the income and net wealth tax for qualifying foreign citizens, Switzerland is also an attractive place of residence with regard to inheritance and gift taxes. The country has no federal inheritance or gift taxes. Instead, the cantons levy inheritance and gift taxes in their own competence, which means that there are 26 different inheritance and gift tax regimes, while the canton of Schwyz and the canton of Obwalden have neither inheritance nor gift taxes. The cantons that do have inheritance and gift taxes generally exempt spouses and close relatives like parents and children.

Corporate taxation

The Swiss corporate tax system is consistent with the country’s reputation as a center for international trade and finance—a reputation that has been earned over years of financial and political stability. Many tax privileges have been introduced in order to attract foreign investment to Switzerland. Moreover, Swiss tax authorities are flexible and willing to openly discuss and find solutions that are acceptable to all parties involved. However, even if none of the potentially available tax privileges might apply, the total tax liability would be comparatively low. For Swiss federal income tax purposes, a flat rate of 8.5% applies. This rate is applicable to all corporations. Cantonal and communal tax rates vary considerably depending on the canton and community, currently ranging between 5% and 20%.



We can assist you with the following services:

- Negotiating individual lump sum tax arrangements with all cantonal as well as federal tax authorities on your behalf
- Negotiating individual tax rulings with all cantonal and federal tax authorities
- Preparing and filing annual tax returns in all cantons on your behalf

Real Estate

Swiss real estate has been in high demand by foreign investors for a long time. As a result, Switzerland has restricted the right of such acquisition for decades. The relevant law is called ‘Lex Koller’. Generally, all non-resident foreign citizens who wish to acquire Swiss residential real estate must obtain approval prior to their purchase, which will otherwise be considered invalid. Such approval is typically either difficult or, in most cases, even legally impossible to obtain.

However, a non-resident foreign national may be authorized to purchase a holiday home in a place designated by the respective cantonal authorities as a holiday resort. However, every authorization must be deducted from the annual quota assigned to the cantons and communes by the federal government for holiday homes and hotel condominium units. The cantons and communes may also apply their own restrictions, which may be more stringent.

On the other hand, foreign citizens who hold a Swiss residence permit can acquire real estate easily. In fact, foreign citizens holding a Swiss residence permit may purchase a reasonably sized house or apartment for their personal use with no further need to seek prior approval. Even if they subsequently leave the country, they are not forced to sell again and can therefore keep their property. Holiday homes of non-resident foreign nationals and residential property of resident non-EU nationals who have not yet been granted a permit C residential property may only be acquired under their own name and under no circumstances through a company (either through a Swiss company or a foreign company). These restrictions also mean that tax and estate planning options are very limited with regard to Swiss residential property that is owned by foreign nationals.

While these provisions concern only residential real estate, the acquisition and holding of purely commercial real estate by foreign nationals (including legal entities) is not restricted in Switzerland. As a result, there is ample scope for tax planning by investors wishing to invest in Swiss commercial real estate.

A unique exemption applies: The Andermatt Swiss Alps (ASA) project in the canton of Uri has been granted a special,

extremely rare exemption from the Swiss ‘Lex Koller’ law. Due to this unique exemption, foreign (non-Swiss resident) buyers are able to acquire and transfer residential property at ASA without authorization until the end of 2030.

The table on the next page shows all possibilities of real estate ownership by foreign nationals, except regarding agricultural property, which is only possible to acquire by active farmers who work and live on the property.

We can assist you with the following services:

- Negotiating the acquisition and sale of Swiss real estate on your behalf
- Overseeing real-estate transactions on your behalf, including legal and tax advice and representing your interests as a buyer or seller

Overview of restrictions on the acquisition of Swiss real estate by foreigners

			Non-EU/EFTA citizens				EU/EFTA citizens			
			With domicile in Switzerland		Short stay residence permit (<1 year) (L)	Border commuters (G)	Without domicile in Switzerland	Border commuters (G)	Short stay residence permit (<1 year) (L)	Long-term residence or permanent residence permit ¹ (B or C)
			Permanent residence permit (C)	Annually renewable residence permit (B)						
Direct ownership	Commercial real estate	Own use	Yes							
		Investment								
		Undeveloped land	Yes	No	No	No	No	No	No	Yes
		Own use (secondary residence)	Yes	Yes	No	No	No	Yes ¹	Yes ¹	Yes
		Holiday home (subject to quotas)	Yes	With permit	With permit	With permit	With permit	Yes ¹	Yes ¹	Yes
		Investment	Yes	No	No	No	No	No	No ²	Yes
		Undeveloped land	Yes	No	No	No	No	No	No	Yes
Shares in a legal entity	Not quoted on Swiss stock exchange	Commercial real estate	Yes							
		Residential real estate	Yes	Up to 33% of share capital or voting rights						Yes
	Quoted on Swiss stock exchange	Any type of real estate	Yes							
Real estate investment funds										

Yes	Purchase possible
No	Purchase not possible
With permit	Purchase possible, subject to approval and quotas

1	In area of their work in Switzerland
2	If main residence is in Switzerland approval may be granted
3	Provided that main residence is in Switzerland

Source: *Switzerland Business & Investment Handbook* /Dr. Christian H. Kaelin/Orell Füssli Verlag AG und John Wiley & Sons, Ltd/edition 2006



Swiss Residence Program

On the basis of currently applicable Swiss immigration and tax laws and regulations, *Henley & Partners* has designed the Swiss Residence Program. Through this program, clients who meet certain requirements can obtain a residence permit and lump sum tax arrangement in a straightforward way and for a pre-arranged fixed fee.

To obtain a residence permit through the Swiss Residence Program, the main applicant (hereinafter applicant) must fulfill the following requirements:

1. The applicant must be over 18 years old. The applicant (if married) can bring their spouse and any of their children under the age of 18 (or 21 in case of EU and EFTA nationals) to Switzerland, all in one application.
2. The applicant and any dependents included in the application must be of good character, have an absolutely clean record, and provide the necessary documentation that has to be submitted with the applications, such as copies of passports, CV, and business information.
3. The applicant shall not be gainfully occupied in Switzerland. However, they may administer their own worldwide investment portfolio in Switzerland, and they may be active outside Switzerland.
4. The applicant must undertake to pay a certain amount in net taxes per year. The annual lump sum tax amount (flat tax) primarily depends on the applicant's citizenship (whether EU, EFTA, non-EU, or non-EFTA citizens), on their standard of living in Switzerland, and on which residence canton and municipality is chosen. The actual tax liability may range from CHF 150,000 to over CHF 1 million per year.
5. The applicant must agree to pay the fixed one-time application fee to cover all legal fees and expenses for obtaining the residence permit(s) and negotiating a favorable lump sum tax arrangement.

The Swiss Residence Program is designed so that the client will save time at every step of the application, as most of

the work is executed on the basis of a power of attorney. If and when the client is required to participate in the process, the interaction is professionally managed by *Henley & Partners* and made as easy for the client as possible.

The residence program is the ideal solution for clients who already know which canton they wish to reside in and where a lump sum tax arrangement needs to be negotiated. The program is available for both EU and EFTA nationals as well as for non-EU and non-EFTA nationals.

The Swiss Residence Program provides the following services in a unique, fixed fee package:

- Negotiating a lump sum tax arrangement, including all correspondence and communication with the tax authorities of the chosen canton
- Obtaining a written approval from the cantonal tax authorities (lump sum tax agreement)
- Preparing the application and obtaining a Swiss residence permit
- Liaising with tax and immigration authorities on federal, cantonal, and communal levels to ensure the smooth approval and issue of residence permits and entry visas

Why *Henley & Partners*?

Henley & Partners is the global leader in residence and citizenship planning. Each year, hundreds of wealthy individuals and their advisors rely on our expertise and experience in this area. The firm’s highly qualified professionals work together as one team in over 30 offices worldwide.

As a client of our firm, you do not only have leading experts at your disposal, but you are also assigned a personal advisor who coordinates the various specialists and ensures continuity of strategy and service. You thus receive integrated solutions rather than isolated advice for specific areas. By implementing practical and creative solutions on the basis of solidly grounded expertise and experience, *Henley & Partners* attracts clients who are accustomed to success.

Henley & Partners has been established in Switzerland for a long time and through its internationally known and highly respected team of professionals, the firm offers both tailor-made advice and services on an individual basis as well as the unique Swiss Residence Program.

For the client’s protection, a comprehensive written agreement is signed between the applicant and *Henley & Partners* in all cases prior to accepting any mandate to handle an application.

The granting of a residence permit is always at the discretion of the respective government authorities. It is consequently impossible to guarantee that any particular application will be approved. However, we check each applicant’s individual situation prior to accepting a mandate and a professional background check is carried out before lodging an application. We have unparalleled experience and skills in preparing applications for submission and the necessary know-how to get applications processed smoothly by the government authorities that handle them. As a consequence of this rigorous approach, residence applications filed by *Henley & Partners* have an incomparable success rate.

If you require more information or individual advice on moving to Switzerland, lump sum tax options, pre-immigration tax planning, real estate purchase, or establishing a company in Switzerland, please contact *Henley & Partners* in Zurich for either a first brief meeting at no charge or an initial consultation.

Contact us

For more information, please visit our website at henleyglobal.com or contact one of our offices.

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“Your firm is very efficient and dependable. I have always been delighted to introduce your esteemed firm to clients and friends who might need your service, and I look forward to working with you again in the future.

Dr. Mike Chu

Executive Director, Chutex Group, Singapore
Former Financial Advisor, Merrill Lynch, Hong Kong

“I have had the pleasure of knowing and working with the *Henley & Partners* team for almost two decades now. The fact that I have continued our relationship for so long speaks volumes of their professionalism and dedication.”

Dr. David Kitchen

Ophthalmologist, Australia

