Checklist: Relocating to Switzerland

Your contacts

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Lump sum taxation/Investment

- EU /EFTA Citizens that are engaged in a gainful activity in Switzerland have the unlimited right to reside and work in Switzerland.
- EU/EFTA Citizens that are not engaged in a gainful activity in Switzerland must provide sufficient proof that they have enough financial assets to cover their living expenses and that they have a health insurance to reside in Switzerland
- Non-EU/EFTA applicants may be granted a Swiss residence permit if:
  - an Employment contract for high-qualified person exists;
  - Student, pensioner and person seeking medical treatment;
  - **Canton confirms fiscal interest in individual taking up residence** (typically for lump sum taxed individuals or substantial investments into the local economy)
- Lump sum taxation regime enables foreign nationals taking up residence in Switzerland who do not engage in gainful employment in Switzerland and choose to pay an expense-based tax instead of ordinary income and wealth tax. The minimum cash out tax burden depends on the canton of residence and starts as of CHF 250k to CHF 300k for non EU/EFTA nationals and will be correspondingly lower for EU/EFTA nationals.
- For an investor permit the applicant must either set-up a new business or be the main investor in a substantial existing Swiss business, with the intention of being actively involved in the running of the business. A detailed business plan must be submitted to show that the business will make a significant contribution to the Swiss economy and will create new local jobs.
- There is no minimum investment applicable however applicants must be able to prove to the immigration authorities that the investment serves in the macroeconomic interest of Switzerland.

Residence permit requirements

- The long term Swiss residence permit is called a 'B permit' and is generally issued with a validity of 1 year. This is renewable every year or every 2 years, provided that the conditions for which the permit was issued are still fulfilled.
- B-type permit holders should not leave Switzerland for more than six consecutive months since, otherwise, the permit will automatically be cancelled. Applicants must renew their residency visa on an annual basis until they are eligible to apply for permanent residency after 10 years this is called a 'C permit'.
- To be eligible for permanent residence, applicants must demonstrate residence in Switzerland for at least 5 to 10 years, depending on their nationality and integration.

Tax considerations for individuals who want to become resident in Switzerland.

Pros

- The lump sum taxation regime is a very attractive and international favorable tax regime for foreigners not engaged in a gainful activity in Switzerland.
- Attractive tax relief available on dividends from substantial participations.
- Various deductions and reliefs for income tax, including interest on loans, alimony and certain charitable contributions.
- No capital gains tax on privately held movable assets.
- Access to a wide range of double tax treaties that Switzerland has concluded.
- No inheritance tax or wealth tax at the federal level.
- New tax incentives for corporates including Patent box and R&D deductions.

Cons

- Wealth tax is levied at cantonal and communal level (0.1% to 1% on net wealth depending on the canton and community of residency).
- Interest and dividends derived from Swiss sources is subject to a 35% withholding tax which might be reclaimable if certain conditions are met.
- Inheritance and donation tax are levied at cantonal and/or communal level. Inheritances and donations to spouses and direct descendants are tax free in most cantons.

Citizenship

C permit holders may apply for citizenship. The decision is discretionary.

Dual/Multi citizenship

Permitted

Conditions of stay

- Lumpsum tax residents are not allowed to engage in a gainful activity in Switzerland and need to pay the agreed taxes
- Investments must be maintained throughout the duration of the applicant's stay in Switzerland.

Family members

Family members/dependents usually qualify for a family reunion permit. Civil partners/same-sex partners can qualify as dependents, provided certain conditions are met (several years of partnership, living together in the same household etc). Children under 18 years of age for non-EU nationals and under 21 years of age for EU-nationals also qualify as dependents.

Language requirement

Depending on the type of permit (B and/or C permit) and the situation, integration and mandatory language requirements may be applicable in one of the national languages (French, German or Italian).