



Locating to Switzerland



Whitmill
Highly Personalised Expertise



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Switzerland has a unique position within Europe and a strong economy founded on finance and banking. Bordering Austria, France, Germany, Italy and Liechtenstein, Switzerland has a long and strong tradition of political and military neutrality.

What benefits does Switzerland offer to companies and individuals?

There are a number of reasons why Switzerland is an excellent base for companies and individuals:

- Located in the centre of Europe
- One of the most economically and politically stable countries in the European geographic region
- A well respected jurisdiction with an excellent reputation
- Over 110 Double Taxation Agreements
- A lengthy history and expertise in finance and business
- Excellent living and working conditions

Who does Switzerland appeal to on an international basis?

In terms of companies, Switzerland is home to the headquarters of many international organisations and companies.

Switzerland is also host to many family offices, offering an attractive tax regime to individuals seeking to re-domicile geographically within central Europe without necessarily being in the EU.

Swiss Companies*

The tax advantages available to companies include:

- An effective tax rate for pure holding companies of 0%. Only a few clearly defined conditions need to be met
- The effective tax rate for commercially active companies varies from 8% to 12%
- There is no withholding tax on royalties
- Tax rulings are available
- There are no Controlled Foreign Company rules
- The effective tax rate for local, ordinarily taxed, companies is a relatively attractive 24%

**This information note contains a summary of the tax position of Swiss companies, it is not intended to detail Swiss corporate tax law in detail and it should be noted that tax is levied at federal, cantonal and communal levels.*

Information relates to the French Canton of Geneva, where the Whitmill's office is located. In total there are 26 Cantons in Switzerland and Whitmill can supply information relating to other Cantons on request.

Taxation of Savings and Income Agreement

The Taxation of Savings and Income Agreement between Switzerland and the EU generally exempts outbound interest payments from Swiss companies to companies in EU member states from tax. The Swiss company can file a request for confirmation that the zero tax will apply.

Double Taxation Agreements (DTAs)

The rate of Swiss withholding tax is 35%. Switzerland however, has DTAs with over 110 countries, which in many instances, reduces the withholding tax to between 5% and 15%.

Particularly attractive DTAs

The following Swiss DTAs are particularly attractive:

- Ireland: 0% on dividends, 0% on substantial holdings and 0% on interest
- Malta: 0% on dividends and 0% on substantial holdings
- Austria, Denmark, Finland, France, Germany, Hungary, Netherlands, Norway, Spain, Sweden and the UK: 0% on substantial holdings and 0% on interest

In general a substantial holding is defined as the recipient company owning at least 25% of the capital of the Swiss company. However the precise percent varies depending on the DTA.

Use of a Swiss Company as a Trustee

A Swiss company can act as trustee of a trust formed under the law of another jurisdiction, and to this end Whitmill Trust (Suisse) SA is registered to act as a professional trustee and provides administration services to a number of international family trusts.

A trust managed and administered in Switzerland is not subject to Swiss taxation and the settlor and beneficiaries are not subject to taxation locally provided they are not resident in Switzerland.

The lump sum system of taxation for individuals moving to Switzerland

The key features of the Swiss lump sum system of taxation are:

- Applies to individuals taking up residence in Switzerland for the first time or returning to Switzerland after an absence of at least ten years. They must not engage in any gainful activity in Switzerland
- Income and wealth taxes are levied based on the taxpayers' living expenses in Switzerland, rather than on their worldwide income and assets
- For federal tax purposes, a taxpayer's living expenses are assessed as five times the annual rental cost or the deemed annual rental income of the taxpayer's dwelling in Switzerland. In Geneva the minimum acceptable taxable income is CHF 300,000

Please note that the lump sum system of taxation is no longer available in three of the 26 Swiss cantons.

Please note that the information and any commentary on the law or tax related matters contained in this document is only intended as a general statement and is provided for information purposes only and no action should be taken in reliance on it without specific legal or tax advice. Every reasonable effort is made to make the information and commentary accurate and up to date, but no responsibility for its accuracy and correctness, or for any consequence of relying on it, is assumed by the author. Further this factsheet is not intended to amount to legal advice.

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