

## Advantages of Holding Swiss Banking Assets Through a Swiss Company for Turkish Residents

Turkish shareholders with foreign portfolio investments, should consider owning these investments through a Swiss company.

By **Christine Breitler**, 20th March 2025

If you are a Turkish resident looking to hold investments in a safe and tax-efficient manner, using a **Swiss company** to manage a Swiss bank portfolio offers clear advantages.

### Key Advantages

- a. **Lower Taxes:** Swiss corporate tax rates (12-14%) are significantly lower than Turkey's 40% personal income tax. This structure can result in tax savings of up to 28%.
- a. **No Tax on Currency Fluctuations:** The Swiss company protects Turkish tax residents from taxation on foreign exchange fluctuations. Currency fluctuations are tax-exempt in Switzerland, unlike in Turkey, where they are taxed at rates up to 40%. This provides a high tax stability for companies dealing with multiple currencies.
- a. **Double Tax Treaty:** Switzerland and Turkey have had a double taxation treaty since 1 January 2013. This helps avoid being taxed twice on the same income.

### 1. Turkish CFC Rules and Swiss Corporate Tax

Under Turkey's Controlled Foreign Corporation (CFC) rules, income from a foreign company may be taxed in Turkey, unless that company pays more than 10% corporate tax. Swiss companies offer an attractive tax opportunity, with corporate tax rates from 12% to 14%, depending on the Swiss canton. This means Turkish residents can legally avoid Turkish taxation on the Swiss company profit.

## **2. Withholding Tax vs Shareholder Loan**

Should the Swiss company decide to distribute dividends to a Turkish shareholder, the effective withholding tax rate is 15% for individual shareholders and 5% for corporate shareholders.

A tax credit is available in Turkey against Turkish income tax.

The shareholder loan is an effective solution, offering flexibility for withdrawing funds from the Swiss company at any time without taxation.

### **Additional Information**

For further details regarding the use of a Swiss company to hold portfolio investments owned by Turkish residents, please contact [Christine Breitler](#) or [Thierry Groppi](#) at the [Dixcart Switzerland Office: advice.switzerland@dixcart.com](#)