

Key Routes to Swiss Residence: Working in Switzerland or The Lump Sum System of Taxation

By **Christine Breitler**, 8th December 2020

Why Switzerland?

There are many reasons why Switzerland is a desirable country to live in.

- A high standard of living with excellent working conditions and business opportunities.
- Beautiful scenery and an active outdoor lifestyle.
- A central location within Europe, with flight connections to over 200 international locations.

Non-Swiss nationals are allowed to stay in Switzerland as tourists, without registration, for up to three months. After three months, anyone planning to stay in Switzerland must obtain a work and/or residence permit, and formally register with the Swiss authorities.

How to Become a Legal Swiss Resident

There are two alternative routes to become a Swiss resident:

- By working in Switzerland
- Through the Swiss 'Lump Sum System of Taxation'

Working in Switzerland

The acquisition of a Swiss work permit allows a non-Swiss national to become a Swiss resident.

There are three ways to be entitled to work in Switzerland:

- Being hired by an existing Swiss company.
- Forming a Swiss company and become a director or an employee of the company.
- Investing in a Swiss company and become a director or an employee of the company.

When applying to work in Switzerland and/or for residence permits, different regulations apply to EU/EFTA nationals, compared to nationals of other countries.

It is a straightforward process for EU/EFTA citizens as they enjoy priority access to the labour market in Switzerland.

Non-EU/EFTA nationals can work in Switzerland as long as they are appropriately qualified, for example managers or specialists and/or with higher education qualifications.

An alternative route is for non-Swiss nationals to form a Swiss company and obtain a residence permit in Switzerland. Relevant individuals must be employed by the company that they establish in Switzerland.

Non-EU/EFTA businesses need to create jobs and business opportunities in Switzerland, as specified by each particular canton.

Lump Sum Taxation

A non-Swiss national, who does not work in Switzerland, can apply for Swiss residency under the system of 'Lump Sum Taxation'.

- The taxpayer's lifestyle expenses are used as a tax base instead of his/her global income and wealth. There is no report of global earnings and assets.

Once the tax base has been determined and agreed with the tax authorities, it will be subject to the standard tax rate relevant in that particular canton.

Work activities outside Switzerland are permitted. Activities relating to the administration of private assets in Switzerland can also be undertaken.

Third country nationals (non-EU/EFTA), may be required to pay a higher lump-sum tax on the basis of “predominant cantonal interest”. This will depend on a number of factors and varies case by case.

How can an Individual Become a Swiss Citizen?

- An EU or non-EU/EFTA national must have lived in Switzerland for at least 10 years, to be able to apply for a Swiss passport.
- However, if an EU or non-EU/EFTA national is the spouse of a Swiss national, they need only to have lived in Switzerland for 5 years.

Additional Information

If you require additional information regarding moving to and living in Switzerland, or have any other questions about this jurisdiction, please contact Christine Breitler or Thierry Groppi at the [Dixcart office in Switzerland: advice.switzerland@dixcart.com](mailto:advice.switzerland@dixcart.com).