Live, Work and Explore Switzerland

Non-Swiss nationals are allowed to stay in Switzerland as tourists, without registration, for up to three months.

By **Christine Breitler**, 15th March 2023

Switzerland is a very attractive location to live and work for many non-Swiss nationals. It offers amazing scenery as well as a number of world-famous cities such as Berne, Geneva, Lausanne, and Zurich. It also offers an attractive tax regime for individuals as well as for companies, in the right circumstances.

It is an enchanting country, blessed with spectacular hiking and skiing trails, beautiful rivers and lakes, picturesque villages, Swiss festivals throughout the year, and, of course, the spectacular Swiss Alps. It appears on almost every bucket list of places to visit but has succeeded in not feeling over-commercialised – even with the tourists flocking to the country to try the world-famous Swiss chocolates.

Switzerland features almost at the top of the list of most attractive countries for high-net-worth individuals to live. It is one of the world's wealthiest countries and is also known for its impartiality and neutrality. It offers an exceptionally high standard of living, first-rate health service, outstanding education system, and boasts a plethora of employment opportunities.

Switzerland is also ideally situated for ease of travel; one of the many reasons high-net-worth individuals choose to relocate here. Perfectly situated in the middle of Europe means moving around could not be easier, especially for individuals who regularly travel, internationally.

In Switzerland, four different languages are spoken, and English is well spoken everywhere.

Living in Switzerland

Although Switzerland has a variety of beautiful towns and alpine villages to live in, expats and high-net-worth individuals are mainly drawn to a few specific cities. At a glance, these are Zürich, Geneva, Bern and Lugano.

Geneva and Zürich are the biggest cities due to their popularity as centres for international business and finance. Lugano is located in Ticino, the third most popular canton, as it is close to Italy and has a Mediterranean culture many expats enjoy.

Geneva

Geneva is known as the 'international city' in Switzerland. This is due to the high number of expats, the UN, banks, commodity companies, private wealth companies, as well as other international companies. Many businesses have set up head offices in Geneva. However, the main attraction for individuals, continues to be the fact that it is in the French part of the country, has a well-looked-after old town full of history and culture and boasts Lake Geneva, with a magnificent water fountain which reaches 140 meters into the air.

Geneva also has fantastic connections to the rest of the world, with a large international airport and connections to the Swiss and French rail and motorway systems.

In the winter months, residents in Geneva also have very easy access to the Alp's best ski resorts.

Zürich

Zürich is not the capital of Switzerland, but it is the largest city, with 1.3 million people within the canton; an estimated 30% of the residents in Zürich are foreign nationals. Zürich is known as the Swiss financial capital and is home to many international businesses, especially banks. Even though it gives the image of high-rise buildings and a city lifestyle, Zürich has a beautiful and historical old town, and an abundance of museums, art galleries and restaurants. Of course, you are also never too far from the lakes, hiking trails and ski slopes if you love being outdoors.

Lugano and the Canton of Ticino

The canton of Ticino is the southernmost canton of Switzerland and borders the canton of Uri to the north. The Italian-speaking region of Ticino is popular for its flair (due to its proximity to Italy) and fantastic weather.

Residents enjoy a snowy winter but in the summer months, Ticino opens its doors to tourists who flood to its sunny coastal resorts, rivers and lakes, or sun themselves in the town squares and piazzas.

Working in Switzerland

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 for Swiss work and/or residence permits, it is important to note that different regulations apply to EU and EFTA nationals compared to other nationals, so it is worth checking.

The most popular route is definitely individuals forming a company in Switzerland. This is because EU/EFTA and non-EU/EFTA nationals can form a company, be employed by it, reside in Switzerland, and benefit from the attractive tax regime.

Any foreign national can form a company and therefore potentially create jobs for Swiss nationals. The owner of the company is eligible for a residence permit in Switzerland, as long as he/she is employed by the company in a senior capacity.

For more information on forming a Swiss company, please read our following article: Moving to Switzerland and Want to Work? The Benefits of Forming a Swiss Company - Dixcart

Taxation is also a topic that needs to be considered.

- **Taxation of Individuals**

Each canton sets its own tax rates and generally imposes the following taxes: income, net wealth, real estate, inheritance, and gift tax. The specific tax rate varies by canton and is between 21% and 46%.

In Switzerland, the transfer of assets, on death, to a spouse, children and/or grandchildren is exempt from gift and inheritance tax, in most cantons.

Capital gains are generally tax free, except in the case of real estate. The sale of company shares is one of the assets, that is exempt from capital gains tax.

Lump Sum Taxation – if not working in Switzerland

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 reporting 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 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 several factors and varies case by case.

Additional Information

I hope this article has inspired you to visit Switzerland and to consider this incredible country as a place of residence. No matter which canton draws your attention, or which city you decide to settle in, the rest of the country, and Europe, is easily accessible. It may be a small country, but it offers; a diverse range of places to live, a dynamic mix of nationalities, is headquarters to many international businesses, and caters to a large range of sports and leisure interests.

The Dixcart office in Switzerland can provide a detailed understanding of the Swiss Lump Sum System of Taxation, the obligations that need to be met by applicants and the fees involved. We can also give a local perspective on the country, its people, the lifestyle, and any tax issues.

If you would like to visit Switzerland, or wish to discuss moving to Switzerland, please do get in touch: **advice.switzerland@dixcart.com**.