

Switzerland - Could this be your Next Move?

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By **Christine Breitler**, 9th June 2022

Switzerland 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.

Switzerland 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.

Swiss Residence

There are no restrictions imposed on permanent residence for EU/EFTA nationals and these individuals enjoy priority access to the labour market. Should an EU/EFTA citizen wish to live and work in Switzerland, they can freely enter the country but will need a work permit to stay more than 3 months.

Regarding EU/EFTA nationals who do not want to work in Switzerland, the process is even more straightforward. Individuals must show they have sufficient funds to live in Switzerland and take out Swiss health and accident insurance.

The process is a bit longer for non-EU and non-EFTA (European Union Free Trade Association) nationals. Those who wish to live and work in Switzerland are allowed to enter the Swiss labour market, but must be appropriately qualified (such as managers, specialists, and those with higher education qualifications). They will also need to be registered with the Swiss authorities in order to obtain a work visa, and they will need to apply for an entry visa from their home country.

Non-EU/EFTA nationals who want to move to Switzerland, but not to work, are divided into two age categories. Depending on which category the individual falls into (over 55 or under 55), certain criteria must be met (more information can be provided on request: advice.switzerland@dixcart.com).

Taxation in Switzerland

One of the greatest motivations for moving to Switzerland is the attractive tax regime available to individuals who choose to live there. Switzerland is divided into 26 cantons and each canton has its own cantonal and federal taxes that generally impose the following taxes: income, net wealth, and real estate.

A significant advantage of the Swiss tax regime is that the transfer of assets in Switzerland, before death (as a gift), or on death, to a spouse, or to children and/or grandchildren is exempt from gift and inheritance tax, in most cantons. In addition, capital gains are generally also tax free, except in the case of real estate.

The federal and cantonal tax laws of most cantons provide for a special Lump Sum Tax Regime for foreigners who move to Switzerland for the first time, or after an absence of ten years, and who will not be employed or commercially active in Switzerland. It is an extremely attractive tax regime as it enables individuals to manage their worldwide investments from Switzerland.

Individuals benefiting from the Lump Sum System of Taxation are not subject to Swiss taxation on their worldwide income and net wealth, but on their worldwide expenditure (living expenses). The minimum requirement for calculating income tax based on expenses for individuals with their own household, is the equivalent of seven times the annual rental value of their principle residence in Switzerland. In addition, a minimum taxable income of CHF 400,000 is assumed for direct federal taxation. Cantons may also define minimum expense thresholds, but the amount is at their own discretion.

Some cantons have already stated their minimum threshold amounts and these will vary from canton to canton.

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.

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.

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

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.