

Why is Switzerland a Favoured Location for a Family Office?

Switzerland is an attractive jurisdiction for the establishment and management of Family Offices due to its political, financial, and economic stability.

By **Christine Breitler**, 27th September 2022

Background

Switzerland is a very attractive jurisdiction for the establishment and management of Family Offices, from virtually all continents and countries across the world. South America, in particular is a part of the world that particularly appreciates the gravitas of Switzerland as a location for a Family Office, the stability of this international centre and the highest level of confidentiality that is guaranteed.

Reasons Why Switzerland is a Favoured Location

1. Political, Financial, Social and Economic Stability

The economy of Switzerland is one of the world's most advanced economies. The service sector plays a significant economic role, particularly the financial services sector. The Swiss economy ranks first in the world in the 2019 Global Innovation Index, and fifth in the 2019 Global Competitiveness Report.

The stable political and economic environment of Switzerland makes it an appealing jurisdiction from an asset protection perspective, with the added benefit of attractive tax regimes for both companies and individuals. These factors, combined with the country's high regard for personal privacy and confidentiality, are of appeal to Family Offices from all over the world.

2. Banking Advantages

Switzerland is the premier financial destination for international investment and private asset protection. It also offers one of the strongest and most commercial banking centres in the world.

It has a long history of expertise in dealing with international currencies and open capital markets. Many banks have dedicated desks for particular jurisdictions, providing specific services to clients.

The main benefits of having a Swiss bank account are the low level of financial risk and high level of privacy

There are a wide variety of large domestic and overseas banks, experienced in operating accounts for different industries; trading, commodities, and commercial, as well as for private individuals.

Switzerland is well-known for its private banks, an exclusive niche for high net worth individuals, which provide sophisticated personal financial services and products to an exclusive clientele.

3. Trusts and Private Trust Companies as Asset Protection Vehicles

Widely used in Anglo-Saxon countries, a trust is flexible and, in the right circumstances, can be an effective asset protection vehicle. It provides anonymity for families, and confidentiality regarding the assets and/or companies held within it. Trusts can be a useful aid in terms of succession planning and can assist with long term inheritance matters.

A Private Trust Company (PTC) is a corporate entity authorised to act as trustee. The client and their family can actively participate in the management of the assets and decision-making processes, as well as sitting on the board of the PTC.

Switzerland recognised trusts with the ratification of The Hague Convention on the Law Applicable to Trusts (1985), on 1 July 2007. Whilst there is no domestic law governing trusts in Switzerland, trusts from other jurisdictions, and their specific rules, are recognised and can be administered

in Switzerland.

In Switzerland the Settlor (the individual who settles assets into the Trust for the benefit of the Beneficiaries) can choose the law of any specified trust jurisdiction to govern the trust. For example, a Guernsey trust can be established with a Swiss Trustee.

The tax advantages available in using a trust with a Swiss Trustee essentially depend on the tax residence of the Settlor and the Beneficiaries. Professional advice should be taken.

Use of a Swiss Company as Trustee

- A Swiss company can act as Trustee of a Trust, formed under the law of another jurisdiction

- Trusts are not subject to taxation in Switzerland

- The Settlor and Beneficiaries are not subject to taxation in Switzerland, as long as they are not resident in Switzerland

Dixcart and Swiss Trustee Services

The Dixcart office in Switzerland has been providing Swiss Trustee services for over twenty two years and is a member of the Swiss Association of Trust Companies (SATC) and registered with the Association Romande des Intermediaires Financiers (ARIF).

In terms of compliance obligations, currently, Swiss Trustees are supervised to ensure that they meet Swiss Anti-Money Laundering obligations.

However, as from January 2023, the Financial Institutions Act of January 2020, requires that Swiss professional Trustees must be licensed by FINMA (**Swiss Financial Market Supervisory Authority**) to conduct their business. Swiss Professional Trustees must now comply with; structural, organizational, business conduct and audit requirements. Dixcart meet the necessary obligations and our application has been put in place.

Private Trust Companies and single family offices are exempt. The exemption also applies if the Beneficiary is a charity.

The Dixcart Swiss office, and the other offices that are part of the Dixcart Fiduciary Group, recognise that the application of compliance procedures, to meet the highest standards, provides our Family Office clients with the most effective and sustainable service.

Additional Information

If you would like additional information regarding the use of Switzerland for asset protection, please contact Christine Breitler at the Dixcart office in Switzerland: advice.switzerland@dixcart.com. Alternatively, please speak to your usual Dixcart contact.