

Switzerland - Information on residency for tax purposes

Section I – Criteria for Individuals to be considered a tax resident

An individual is resident for tax purposes in Switzerland if he or she maintains a tax domicile or a tax residence (place of abode) in Switzerland.

An individual living in Switzerland with the intention to stay permanently in Switzerland establishes a *tax domicile*. A “domicile” is defined as the place where a person lives with the intention of staying permanently. This is where the individuals’ personal relationships are focused, where they regularly spend their non-working hours, where they foster friendships and family ties, and where they take part in the social life of the community, i.e. where the centre of vital interests is. A place of work, however, does not qualify as a tax domicile.

An individual establishes a *tax residence (place of abode)*, irrespective of short interruptions, if a stay of a minimum of 30 days is combined with a gainful activity, or without such activity if the stay lasts a minimum of 90 days.

An individual who is domiciled abroad, but stays in Switzerland solely for educational or health reasons, is not deemed to be resident in Switzerland for tax purposes.

Government officials or individuals working for a public law corporation or institution who live outside the territory of Switzerland and are in this jurisdiction subject to a partial or total income tax reduction remain liable to taxation in Switzerland.

The provisions of applicable conventions for the avoidance of double taxation are reserved.

Relevant provisions:

Article 3 Federal Act on Direct Federal Taxation (*DBG* for its acronym in German [[SR 642.11](#)])

Article 3 Tax Harmonisation Act (*StHG* for its acronym in German [[SR 642.14](#)])

Article 23 Civil Code (*ZGB* for its acronym in German [[SR 210](#)])

Section II – Criteria for Entities to be considered a tax resident

An entity is resident for tax purposes if its *legal domicile (registered office)* or *place of effective management* is located in Switzerland (the distinction between resident taxpayers and non-resident taxpayers corresponds to the distinction between unlimited tax liability and limited tax liability). The residence of an entity is determined by its formal place of incorporation. Therefore, if the legal domicile is in Switzerland, it is treated as a Swiss resident entity. The legal domicile is determined by the place where the entity is registered in the commercial registry.

If an entity is incorporated outside Switzerland, it may nevertheless be a Swiss resident entity for tax purposes if its place of effective management is in Switzerland. The place where important decisions are taken is determinative. Whether an entity is subject to corporate income tax and capital tax is based on the respective evidence regarding the effective management in each individual circumstance. Therefore, if the manager of a company resides in the country in which the company has its legal domicile, but in fact merely follows the instructions of a Swiss shareholder, the Swiss tax authorities may consider the company to be a Swiss resident.

For entities other than companies, the same rules apply as for companies.

Taxable persons include legal entities, i.e. companies (stock companies, limited liability companies, and stock companies with unlimited partners, cooperatives, associations and foundations and investment companies with fixed capital [SICAF]). Collective investment schemes with a direct investment in real estate are also considered as taxable persons.

The provisions of applicable conventions for the avoidance of double taxation are reserved.

Relevant provisions:

Articles 49, 50 and 51 Federal Act on Direct Federal Taxation (*DBG* for its acronym in German [[SR 642.11](#)])

Article 20 Federal Tax Harmonisation Act (*StHG* for its acronym in German [[SR 642.14](#)])

Section III – Entity types that are as a rule not considered tax residents

According to Swiss private law a trust has no legal personality. In Swiss tax law there is no provision allowing a foreign trust to be treated as a legal entity for tax purposes and therefore trusts will not be considered as tax resident.

For the purposes of the automatic exchange of financial account information in tax matters, however, a trust that is a financial institution will be considered to be resident where the trustee(s) is resident. The classification of the trustee(s) as tax resident is based on the criteria outlined in section II.

Partnerships are transparent for tax purposes and the partners of a partnership are being taxed individually. Furthermore, collective investment schemes having their domicile in Switzerland are not subject to tax, i.e. investment companies with variable capital (SICAV), limited partnerships for collective investments (LPCI) and contractual funds (FCP) are treated as transparent for Swiss income tax purposes, as long as they do not directly invest in real estate. An investment company with fixed capital (SICAF) is treated as an entity (see above under Section II).

The provisions of applicable conventions for the avoidance of double taxation are reserved.

Relevant provisions:

Article 49 Federal Act on Direct Federal Taxation (*DBG* for its acronym in German [[SR 642.11](#)])

Article 2 Federal Act on Collective Investment Schemes (CISA [[SR 951.31](#)])

Article 5 Federal Act on international Automatic Exchange of Information in Tax Matters (AEOI Act [[SR 653.1](#)])

Section IV – Contact point for further information

Primary point of contact:

Cantonal tax administration where the individual lives or the entity has its seat. An exhaustive list with contact details of all Swiss Cantonal tax administrations is provided on the website of the [Swiss Tax Conference](#).

For questions regarding the application of a convention for the avoidance of double taxation:

State Secretariat for International Financial Matters SIF

Bilateral tax issues and double taxation treaties

Bundesgasse 3

CH-3003 Berne

Phone: +41 58 462 71 29

Email: dba@sif.admin.ch

