A) INTRODUCTION

Switzerland (German: die Schweiz French: la Suisse Italian: Svizzera Romansh: Svizra), officially the Swiss Confederation (Confederatio Helvetica in Latin, hence its ISO country code CH), is a federal republic since 1848 (the second oldest after the United States of America) consisting of 26 cantons with Bern as the seat of the federal government. The country is situated in Central Europe where it is bordered by Germany to the North, France to the West, Italy to the South, and Austria and Liechtenstein to the East.

Switzerland is a nation of consensus, composed of about 7'700'000 inhabitants (of which 22% are foreign nationals) from several ethnic groups with a variety of languages and religions. It is divided mainly into three linguistic regions: the German part, the French part and the Italian part (including part of Canton Graubünden). The four official languages are German, French, Italian and Rumantsch (spoken in some parts of Canton Graubünden). German is spoken by about 64% of the people, French by ca 20%, Italian 6.5% and Rumantsch by ca 0.5%.

Because of its location (landlocked by France, Germany, Liechtenstein, Austria and Italy), Switzerland has traditionally been and will continue to be at the crossroads of major international trade routes. From Switzerland you can reach many major European cities in two hours or less.

Switzerland, thanks to a long existing stable political and economical situation, has always been found amongst the most popular countries of the world. Switzerland’s labour market has since ever offered interesting and well remunerated career opportunities not only in the industry sector, but also in the finance sector. The national health system is judged to be one of the most efficient worldwide, infrastructures are of high quality and also the educational system is extremely efficient.

All these positive factors have contributed over decades to attract numerous foreigners from all over the world to relocate their domicile and centre of interest to Switzerland.

In order to avoid immigration beyond control and keep a sound proportion between natives and foreigners, the Swiss government has elaborated different federal laws and decrees regulating access to the Swiss labour market and Swiss territory accordingly.

Switzerland’s immigration principles consider two categories of foreign nationals: citizens of EU and EFTA countries with which Switzerland has entered into bilateral agreements of Free Movement of Persons, and citizens of all other states, the so-called third states (foreign nationals).

EU/EFTA citizens have a right to establish residency in Switzerland, according to the terms and provisions set out in the bilateral agreements of Free Movement of Persons. The only conditions to be respected are the existence of a work contract, the availability of an adequate permanent accommodation and sickness insurance cover, respectively the prove of sufficient financial means, a permanent accommodation and sickness insurance cover for individuals not having a gainful activity.

Most third state nationals need to apply for a visa at the Swiss Embassy of their home country if they intend to enter Switzerland for a short stay. The term “short” is defined as stays up to three months maximum. Whereas there are exceptions for short stays without lucrative activity, foreign nationals intending to take up a lucrative activity must in any case apply and obtain a labour permit before entering into Switzerland.

Visas respectively permits for stays of more than 3 months are required in any case for any third state national, independent of having a lucrative activity or not.

For further details and in depth information, please consult the Federal Office for Migration FOM, website www.bfm.admin.ch.
(B) PROCEDURE AND TYPES OF PERMITS

1. Procedure

Preliminary remarks

The criteria for admittance are contained in the Federal Act on Foreign Nationals (AuG), Chapter 4, and in the Decree on Admittance, Residence and Employment (VZAE), Chapter 2. They are explained in further detail in the directives on the implementation of the Foreign Nationals Act.

Any third state national wanting to enter Switzerland in order to carry out a lucrative activity, independent from the duration of stay, must be in possession of an adequate permit.

Applications for stays exceeding the three months period or validity of visa with or without exercising lucrative activity (rentiers) must be approved by both cantonal and federal competent authorities for immigration.

Basically, the following important distinction applies:

a) Foreign nationals with obligatory visa requirement: a foreign national with obligatory visa requirement from the first day of entry to Switzerland, independent whether as rentier or with lucrative activity, has to present a request for a visa at the Swiss Diplomatic Representation of his home country. In case this type of foreign nationals subsequently wants to apply for a residence permit, he has to submit his application to the Swiss Diplomatic Representation of his home country before the validity of his visa has elapsed. The foreigner is obliged to leave Switzerland according to the validity of his visa and to await the decision of the competent authorities abroad. His application for a residence permit will be carefully and thoroughly verified by both cantonal and federal authorities who eventually will grant or deny permit.

According to competent cantonal immigration offices, a final decision might be communicated not before 4 – 6 months after application has been submitted.

b) Foreign nationals without obligatory visa requirements (for example: USA, Canada, Australia): a foreign national without obligatory visa requirement from the first day of entry to Switzerland without lucrative activity, and thus having the right to stay in Switzerland up to three months, can submit application for long term visa resp. residence permit directly to the competent cantonal authorities. In case such foreigner has already entered Switzerland, the competent cantonal authority might authorize him to remain on Swiss territory until a definitive decision will be pronounced.

The Ticino immigration authority however recommends to present application for a long term visa respectively residence permit always at the Swiss Diplomatic Representation of the home country. The representatives of the Swiss Diplomatic Representations will give adequate and detailed information and advice regarding the procedures and documents to be submitted.

For further details and in depth information, please consult the Federal Office for Migration FOM, website www.bfm.admin.ch, visa sections.
2. Types of permits

**Permit B (residence permit)**
Resident foreign nationals are foreign nationals who are resident in Switzerland for a longer period of time for a certain purpose with or without gainful employment.

As a rule, the period of validity of residence permits for third-country nationals is limited to one year when the permit is granted for the first time. First-time permits for gainful employment may only be issued within the limits of the ceilings and in compliance with Art. 20 of the Aliens Act. Once a permit has been granted, it is normally renewed every year unless there are reasons against a renewal, such as criminal offences, dependence on social security or the labor market. A legal entitlement to the renewal of an annual permit only exists in certain cases. In practice, an annual permit is normally renewed as long as its holder is able to draw a daily allowance from the unemployment insurance. In such cases, however, the holder is not actually entitled to a renewal of the permit.

**Permit C (settlement permit)**
Settled foreign nationals are foreign nationals who have been granted a settlement permit after five or ten years’ residence in Switzerland. The right to settle in Switzerland is not subject to any restrictions and must not be tied to any conditions. The Federal Office of Migration fixes the earliest date from which the competent national authorities may grant settlement permits.

As a rule, third-country nationals are in a position to be granted a settlement permit after ten years’ regular and uninterrupted residence in Switzerland. US and Canadian nationals are subject to a special regulation. However, third-country nationals have no legal entitlement to settlement permits. Apart from the provisions of settlement treaties, such a claim can only be derived from the Articles 42–43 and from Article 31 of the Aliens Act. Persons who hold a settlement permit are no longer subject to the Limitation Regulation, are free to choose their employers, and are no longer taxed at source.

**Permit L (short-term residence permit)**
Short-term residents are foreign nationals who are resident in Switzerland for a limited period of time – usually less than a year – for a certain purpose with or without gainful employment.

Third-country nationals can be granted a short-term residence permit for a stay of up to one year, provided the quota of the number of third-country nationals staying in Switzerland has not been met. This is fixed annually by the Federal Council. The period of validity of the permit is identical with the term of the employment contract. In exceptional cases, this permit can be extended to an overall duration of no more than 24 months if the holder works for the same employer throughout this time. Time spent in Switzerland for a basic or advanced traineeship is also considered short-term residence. Permits issued to foreigners who are gainfully employed for a total of no more than four months within one calendar year are not subject to the quota regulation. Trainees are eligible for a short-term residence permit too. The period of validity is limited to one year; in exceptional circumstances, the period of validity may be extended by further six months. Trainees are persons who are aged 18-30, have completed their occupational training, and want to undergo some advanced occupational or linguistic training in the context of gainful employment in Switzerland. Trainees are subject to special rules, which have been laid down in special treaties. Thus they are subject to special quotas. The legal provisions concerning national priority are not applicable to them.

Other types of permits are:

- Permit Ci (residence permit with gainful employment for members of the families of intergovernmental organisations and for members of foreign diplomatic representations)
- Permit G (cross-border commuter permit)
- Permit L (short-term residence permit)
- Permit F (provisionally admitted foreigners)
- Permit N (permit for asylum-seekers)
- Permit S (people in need of protection)
(C) LEGAL BASIS

1. Third state nationals with lucrative activity

By decree of the Federal Council, workers from all other states – third states, as they are referred to – are admitted in limited numbers (yearly established contingencies) to the labor market in Switzerland, if they are well qualified. Experience has shown that this category of workers has a better chance of professional and social integration than less qualified persons. Their admission to the Swiss labour market is subordinated to Switzerland’s economical interests and labour market opportunities.

The criteria for admittance are contained in the Federal Act on Foreign Nationals (AuG) and in the Decree on Admittance, Residence and Employment (VZAE). They are explained in further detail in the directives on the implementation of the Foreign Nationals Act.

Priority
(Art. 21 AuG)
Third state nationals may only be admitted if a person cannot be recruited from the labor market of Switzerland or another EU/EFTA member state. Swiss citizens, foreign nationals with a longterm residence permit or a residence permit allowing employment, as well as all citizens from those countries with which Switzerland has concluded the Free Movement of Persons Agreement (at present, the EU and EFTA states) are given priority. Employers must prove that they have not been able to recruit a suitable employee from this priority category, despite intensive efforts.

Salary/terms and conditions of employment customary in the region and in the trade
(Art. 22 AuG)
The salary, social security contributions and the terms of employment for foreign workers must be in accordance with conditions customary to the region and the particular sector. Some sectors and trades lay down these conditions in a collective labour agreement which is legally binding either on a national or, at least, cantonal level. When applications are submitted from trades that do not have a collective labour agreement, the Swiss authorities usually request information directly from the employers’ and employees’ associations on the terms customary in a particular sector. By examining the salary rates and terms of employment beforehand, the authorities can ensure that foreign workers are not exploited and that Swiss workers are protected against wage dumping.

Personal qualifications
(Art. 23 AuG)
Cadre, specialists and other qualified employees will be admitted. "Qualified employee" means, first and foremost, people with a degree from a university or institution of higher education as well as several years of professional experience. Depending on the profession or field of specialisation, other people with special training and several years of professional work experience may also be admitted.

Investors and/or entrepreneurs who create new job possibilities or help to preserve existing jobs may also be admitted.

Accommodation
(Art. 24 AuG)
Foreign nationals may only be admitted for employment if they have suitable accommodation.

For further details and in depth information, please consult the Federal Office for Migration FOM, website www.bfm.admin.ch.
2. Third state nationals without lucrative activity

Third state (foreign) nationals without gainful activity are divided into the following three categories (purpose of stay in Switzerland), according to section 2, articles 27, 28, 29 AuG:

- Education and professional/educational specialization (art 27)
- Rentier (art 28)
- Medical treatments (art 29)

2.1 Education and professional/educational specialization (art 27 AuG)

Switzerland offers an important number of high level universities recognized worldwide, as well as other private institutes. The following basic requirements have to be observed in order to be granted a permission:

- Confirmation of the educational institute that the foreign national can be admitted (language knowledge, prior education in home country, ecc) (art 24 VZAE);
- Availability of adequate abode;
- Availability of sufficient financial means (art 23 VZAE);
- Departure from Switzerland seems guaranteed (art 23 VZAE)

The Swiss government website [http://www.swissworld.org/en/faq/studying_in_switzerland](http://www.swissworld.org/en/faq/studying_in_switzerland) offers all relevant information regarding the procedure to apply for a permit for educational purpose.

Parliament passed the Neirynck initiative on June 18, 2010, a parliamentary initiative aimed at amending article 21 of the Foreign Nationals Act. The amendment provides for foreign nationals graduating from a Swiss university-level institution to be on an equal footing with Swiss nationals when it comes to entering the Swiss labor market.

To find employment, foreign nationals who have earned a Swiss university-level diploma will be entitled to stay in Switzerland for six more months from the time of completing their education or postgraduate studies. Those who are successful in securing employment will be issued a work permit, provided the prospective position involves an activity of particular scientific or economic importance.

The amendment will take effect on 1 January 2011.

2.2 Rentier (art 28)

Article 28 AuG defines the conditions under which a third state national without lucrative activity can be granted a residence permission. The following 3 criterias must be fulfilled cumulatively:

- Minimum age established by Federal Council. Article 25 of the Decree on Admittance, Residence and Employment (VZAE) defines the minimum age with 55 years;
- Particular personal ties with Switzerland. Article 25 of the Decree on Admittance, Residence and Employment (VZAE) gives the following definition:
  - Previous long stays in Switzerland, namely for holidays, education or lucrative activity
  - Intense relationship to close parents in Switzerland, namely parents, children, grand-children or brothers and sisters
  Article 25 also states that applicant must not pursue any lucrative activity neither in Switzerland nor abroad, apart from the administration of the proper assets.
- Disposal of sufficient financial means.

In case one or all of the above mentioned compulsory criterias are not accomplished, the foreign national has the option to apply for residence permit if he can be considered of high economical public interest (Art 30 AuG).

Article 32 VZAE defines amongst other the "important cantonal interest from a fiscal point of view" as high economical public interest.

2.3 Medical treatments (art 29)

Third state nationals may apply for residence permit for medical treatments subject to availability of sufficient financial means and departure from Switzerland is guaranteed.
3. Family reunification principles

The family reunification is aimed at enabling the cohabitation of the whole family and to assure certainty in law. Chapter 7, articles 42 – 52 of the Federal Act on Foreign Nationals (AuG) respectively Chapter 6, articles 73 – 77, regulate the principle of family reunification.

Prior to authorization, the competent offices have to be certain that the centre of family life is effectively established in Switzerland. This condition is considered to be met in case both married parents with those of their children being still in need of their parents’ support live together on Swiss territory having at disposal adequate accommodation. Several cantonal authorities apply very strict criteria with regard to the definition of “adequate accommodation”.

In case of parents being formally or legally separated or divorced and one of the parents lives abroad, family reunification is basically excluded unless particularly severe familiar circumstances require a subsequent reunification.

Article 42 AuG states that third state family members of Swiss citizens have the right to obtain or renew residence permit (B) only if they are in possess of a residence permit of long duration of a country with which Switzerland has entered into an Agreement of Free Movement of Persons. The category defined as “family members” include spouse, relatives in descendant line under 21 years of age or supported financially, own relatives and spouse’s relatives in ascendant line supported financially.

A recent sentence of the Federal Court of Justice has rectified Article 42 paragraph 2 as follows: third state national family members of a Swiss citizen are entitled to reside with the Swiss citizen in Switzerland independent from a long term residency in an EU/EFTA country at the condition that they live together. The same principle is valid for EU/EFTA citizen residing in Switzerland with third state family members. Relatives in descendant or ascendant line (not children) might be given residence permit if the petitioner guarantees their financial support or in the presence of a particularly severe case.

Third state national spouses’ of a Swiss citizen have the right to obtain settlement permit (C) after five years or ordinary and uninterrupted residency in Switzerland. Children under 12 years of age have the right to obtain immediately settlement permit, whereas children over 12 years old obtain residence permit.

In order to guarantee the best possible integration opportunities, the family reunification must be completed within 5 years from the date of obtaining residence permit. The time frame for children over 12 years old is reduced to 12 months.

Third state nationals being granted a permit for educational purposes are entitled to family reunification provided that they have sufficient financial means and dispose of an adequate accommodation.
(D) ACQUISITION OF REAL ESTATE PROPERTY

Generally speaking, the federal law of 16 December 1983 on the acquisition of real estate by persons abroad restricts the acquisition of real estate in Switzerland by foreign individuals or Swiss-based companies controlled by foreign individuals. As a rule, these categories of persons need an authorisation from the competent Cantonal authority.

Responsibility for enforcing the federal law of 16 December 1983 on the acquisition of real estate by persons abroad (the Bundesgesetz über den Erwerb von Grundstücken durch Personen im Ausland, also known as the “Lex Koller”), falls primarily upon the Canton in which the real estate is located. The authority designated by the Canton will decide whether or not a legal transaction requires authorisation and is also responsible for granting or refusing that authorisation. Authorisation is granted only if the conditions set out in the federal law and, if applicable, in cantonal implementation legislation, are met.

It must be stressed that ownership of real estate in Switzerland does not entitle a foreign person to a residence permit.

The following persons do not require authorisation to purchase real estate in Switzerland:

- Nationals of a Member State of the European Union (EU) or of the European Free Trade Association (EFTA) who live in Switzerland holding as a general rule a B permit (resident foreign nationals) or a C permit (settled foreign nationals),
- Non-EU or EFTA nationals holding a B residence permit if they live in Switzerland permanently;
- Non-EU or EFTA nationals entitled to settle in Switzerland (holding a C permanent residence permit);
- Swiss-based companies controlled by persons holding the above rights of residence or settlement;
- Cross-border commuters from EU or EFTA Member States holding a G permit (cross-border commuters) as a second home in the area of their place of work.

Third state nationals residing in Switzerland with a residence permit (B), are entitled to purchase a real estate property as their main residence. The buyer is obliged to occupy the dwelling himself. He is not authorized to rent it out to third parties even in part. The purchase of a main residence is exempted from authorisation requirement only if bought in the buyer’s own name.

Authorisation to purchase a holiday home (single-family dwelling or serviced flat) may be granted under certain circumstances to foreign individuals. The dwelling must be in a place designated by the Cantonal authorities as a holiday resort. Moreover, every authorisation must be deducted from the annual quota assigned to the Cantons by the Confederation for holiday homes and serviced flats. Holiday homes may not be let on an annual basis, but at most only periodically. The purchaser must be able to use them at an time for their alleged purpose.

No permit is required for real estate that is used for the pursuit of a business activity, i.e. a professional, commercial or industrial activity (with the exception of land for the construction, trade or letting of housing). The concept of business activity is very broad. It applies not only to the classic forms of trade, industry and commerce but also to the financial and services sectors. It therefore covers self-employed professionals such as IT specialists or hotel owners, as well as the operation of a trade or service centre and even industrial production. The acquisition of an interest in real estate companies engaged in the buying and selling of such properties is also possible. Residential property can also be acquired under the “business establishment” heading if it is necessary for business purposes (such as accommodation for caretakers or technicians whose permanent on-site presence is required) or if separation from the business property would be impractical or unreasonable.

More information can be found on the Federal Department of Justice and Police website: http://www.ejpd.admin.ch/content/dam/data/wirtschaft/grundstueckerwerb/lex-e.pdf
(E)    TAX ISSUES

General Overview of Swiss taxation for individuals

Generally speaking, taxation on income occurs at three levels: federal, cantonal and municipal (Communal) and is assessed pursuant to the principle of self-declaration.

Wealth taxes are levied at Cantonal and municipal level, not at federal level, and are calculated and charged separately from income tax.

Swiss residents are subject to worldwide taxation on income and wealth with the exception of real estate located outside of Switzerland.

As a rule, capital gains are not subject to tax if realized on disposal of private movable assets, so capital gains on securities are for example fully tax exempted.

Natural persons who work as employees (with a B permit) are subject to tax at source, deducted directly by the employer, replacing the direct federal, cantonal and municipal taxes. If the taxable amount reaches more than CHF 120'000 per year, a regular statutory assessment is made.

Natural persons without tax residency in Switzerland are subject to a limited tax liability (also at source) based on their economic affiliation, if they generate income (or deemed income) in Switzerland. This refers, inter alia, to managers of non-Swiss companies with a branch in Switzerland or a Swiss situs property owned by a foreign resident subject.

Resident aliens who are not engaged in any gainful activity in Switzerland may be eligible for lump sum taxation based on deemed taxable income which is a function of the living expenses the taxpayer incurs in Switzerland and worldwide. The tax due is, in principle, the higher of the tax ordinarily due on Swiss sourced income and wealth or the tax due on five times the rental expense or the deemed rental income.

The minimum taxable income differs according to the Canton of choice: in Canton Ticino it is CHF 300’000 for the tax period 2013.

For further important details, please refer to page 10 “recent developments”.

To avoid or mitigate double taxation in Switzerland and abroad, Switzerland has entered double taxation agreements with more than 80 countries.

The maximum income tax rate at Federal level is 11.5% whereas Cantonal tax rates are progressive and vary strongly from Canton to Canton.

Ticino’s tax policy places the Canton in the Swiss average as with regard to the fiscal burden compared to other cantons.

Moreover Canton Ticino does not impose taxes on donations and succession in direct line.

Lump sum taxation system

Lump-sum taxation is a special tax regime whereby Swiss income tax is levied on the basis of expenses (i.e. standard of living) rather than on taxable income. In practice, the amount which serves as the basis of taxation is negotiated with competent authorities. The amount of tax payable must however not be lower than the wealth tax due on certain Swiss assets and income tax which would be due on certain Swiss-source income as well as income for which a partial or total reduction of foreign taxes is requested by virtue of a tax treaty. A comparative calculation must therefore be made on an annual basis. Of course no personal deductions or allowances are allowed.

Lump sum taxation means that it is NOT required by law to declare the worldwide income or assets which of course gives considerable privacy to wealthy individuals with regard to their financial affairs.

A taxpayer assessed under the lump sum system may chose to change to the ordinary taxation, but not vice-versa. The tax law does not consider the possibility to return back to the lump sum taxation system.
Prerequisites:

The basic prerequisite for lump-sum taxation is that the person concerned must not pursue a gainful activity in Switzerland. The term “gainful activity” includes all activity deriving from any kind of profession in Switzerland, including therefore artists, scientists, inventors, sportsmen or directors of a Swiss company. This type of taxation is available to foreign nationals who make Switzerland their fiscal residence for the first time or after at least ten years outside the country. Foreigners enjoy this right indefinitely or until they start a lucrative activity or apply for Swiss Nationality.

Calculation of standard of living:

Under lump sum taxation, the basis of taxable income is calculated on annual expenses incurred by the taxpayer in Switzerland and abroad for himself and his family depending financially from the taxpayer.

Expenses for the following items are taken into consideration:
- Food and clothing;
- Housing (including heating, cleaning, garden maintenance, etc);
- Employees paid in cash or kind;
- Further education, leisure activities, sports, journeys, vacations, cures, etc.;
- Expensive domestic animals such as horses;
- Cars, boats, yachts, aeroplanes, etc.,
- All other expenses linked with the standard of living.

This calculation is usually negotiated with the tax administration in the canton in which the taxpayer wishes to become resident. However, the Swiss government has fixed a minimum amount upon which the calculation of the standard of living must be based:

- If the taxpayer has rented an apartment, taxable income is deemed to be five times the annual rent paid, excluding heating costs.
- If the taxpayer is the owner of a real estate, taxable income is deemed to be five times the annual rental value as determined periodically by the competent tax administration.

Lump sum taxation for third state nationals/calculation examples for Canton TICINO

Third state nationals intending to take up Swiss tax residency under the lump sum taxation system must consider the following important distinction:

(i) Rentiers according to art. 28 AuG/art. 25 VZAE: rentiers meeting cumulatively the requirements set out in article 28 AuG/article 25 VZAE (minimum age 55, strong personal ties with Switzerland, no lucrative activity neither abroad nor in Switzerland) might apply for a residence permit (B) being assessed under the lump sum taxation system with a minimum taxable income of CHF 300’000 valid for tax year 2013 in Canton Ticino. Overall taxes due (federal, cantonal, communal) amount to approximately CHF 88’000 for a single person respectively to approximately CHF 84’000 for a married couple. The same minimum taxable income applies to EU/EFTA citizens assessed under the lump sum taxation system.

(ii) Rentiers according to art. 30 AuG/art. 32 VZAE: rentiers not meeting cumulatively all conditions defined in art. 28 AuG might apply for a residence permit (B) according to art. 30 AuG/art. 32 VZAE as being of notable fiscal interest for the Canton. Canton Ticino has defined the notable fiscal interest with a minimum taxable income of CHF 500’000. This category of foreign nationals therefore will be assessed with a minimum taxable income of CHF 500’000.00 resulting in an overall tax burden in Canton Ticino of approximately CHF 168’000 for singles respectively approximately CHF 164’000 for a married couple.
Recent developments:

The Parliament approved on 18th September 2012 the tax reform which affects the lump sum taxation with the aim to increase, for federal tax purposes, the minimum taxable base at CHF 400'000., accompanied by a review of the calculation criteria and the conditions for applying for lump sum taxation, to which the Cantons must comply. Some Cantons have already abolished or will abolish in the near future such special tax regime as it is considered discriminatory.

The key points of these new conditions are the following:

- The tax base shall consider the worldwide costs of living and shall at least correspond to 7 times (now 5 times) the rental value of the individual's own property or 7 times (now 5 times) the rent paid in Switzerland or 3 times (now 2 times) the annual expenses for board and lodging;
- The minimum tax base shall be freely determined by the Cantons concerned;
- Cantons also must consider wealth taxation (by capitalizing taxable basis);
- Married people, who want to be taxed on the basis of the lump sum taxation, must meet both the conditions.
- For existing lump sum taxpayers a “grandfathering period” of 5 years shall be assured.

In the meantime, a popular initiative requires the abolishment of the lump sum taxation system in Switzerland. The Swiss people will be asked to vote in a popular votation in the next two years. It is not possible at the moment to foresee the outcome of such popular votation.

This simplified taxation’s procedure for foreign individuals domiciled in Switzerland, without gainful occupation, is for the time being maintained at federal level and most cantonal level and foreign taxpayers could still benefit of the lump sum taxation, by taking into account the deterioration of the conditions above mentioned and the cantonal adaptations, which have to be implemented within 2 years.

(F) OTHER ISSUES

Customs Regulations

Basically personal belongings can be imported to Switzerland without paying VAT and customs duty subject to having personally used the objects for at least 6 months prior to moving. Brand new objects cannot be imported tax free. It is therefore recommended to have purchase invoices ready wherever possible.

According to Swiss custom regulations, personal belongings can be imported, free of VAT and customs duty, within 18 months of transfer of domicile and may be moved in several steps, always within the time frame of 18 months. Once this deadline is elapsed, with Swiss VAT and customs duty is charged.

A detailed inventory with all and any object to be imported to Switzerland, indicating type of object, value, quantity and weight, is to be prepared and presented at the customs. The objects which will be moved into Switzerland later must be indicated separately giving approximate indication of the date of move.

Indicative values might be taken from insurance policies (i.e. for paintings or other valuable objects). Weight indications might be given by the removal company.

Cars

Vehicles imported as removal goods are admitted free of duty (exemption from customs duty, vehicle tax and VAT) if the person importing the vehicle furnishes proof that he has used it for at least six months before taking up residence in Switzerland.

The following documents have to be presented at the customs office:
- vehicle licence
- passport or identity card
- invoice or purchase contract
- declaration/ application for clearance of household effects
- a document furnishing proof of the change of domicile (residence permit, etc.,)

After entering Switzerland, it is compulsory to report your vehicle to the Motor Vehicle Control Office for a technical test.

Swiss social insurance system - Compulsory cover

In Switzerland almost all social insurance schemes are compulsory. Under Swiss law, persons who are domiciled in Switzerland must be insured against illness and accident and must also finance provision for their old age, for disability and for survivors (provided they have not reached the retirement age of: women: 64 years of age, men: 65 years of age).

Health insurance:
Each person settling in Switzerland has to arrange health insurance cover within 3 months of arrival.

Civil liability insurance:
This insurance is typically required for anyone renting an apartment or house, and covers damages caused by the insured person to the apartment or to neighboring apartments or properties.

Car insurance:
All vehicles registered in Switzerland must be covered by liability insurance.

Driving

Driving licence:
The foreign driving licence has to be converted into a Swiss driving licence by presenting application to the Cantonal Motor Vehicle Control Office during the first twelve months after arrival in the country.

The following documents have to be presented:
- the duly completed and signed application for the issue of a driving licence
- proof of identity (passport or identity card)
- original driving licence
- two recent photo (in color and in passport format)
- residence permit
- a certificate from the optician

Accommodation

The following homepages offer a wide range of accommodation in Switzerland:
- www.homegate.ch
- www.immoscout.ch
- www.immogalaxy.ch
- www.alle-immobilien.ch
Steimle & Partners Consulting Sagl provide constantly updated news regarding relocation to Switzerland and Canton Ticino, national and international tax issues and many other topics on the homepage www.steimle-consulting.ch, section News & Events, in English, Italian and German language.

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