



MOVING TO SWITZERLAND

Wayne Coleman from W. Coleman & Co and Ian Tickler of Regent Trust Company SA and have teamed up to compile this need-to-know guide for those considering buying property in Switzerland.

It has become substantially easier in the last few years for people to move to Switzerland. This is especially the case for E.U. nationals as a result of various bilateral agreements between Switzerland and the E.U.

Attractive Alpine properties in Swiss ski resorts are available to purchase as a holiday home without any requirement for a residence permit or other permission. However, certain mountain resorts have recently put restrictions on the availability of these Alpine properties to foreigners, for example Verbier in the Canton of Valais.

In the main cities, towns and other areas away from the Alpine Resorts a permit has to be obtained from the Local Canton for the foreign person to purchase a residential property. A "B" Permit (residence permit) is required and this can be obtained in the following ways:

a) A person may come to Switzerland to retire and apply for a B Permit on the basis of a so-called "Forfait" that is negotiated with the Tax Authorities of the particular Canton. The amount of the Forfait is normally calculated on the basis of five times the yearly rentable value of the residential property they will be living in. This applies whether the property is purchased or simply rented. The annual tax charge is then calculated on the basis of this

Forfait calculation. This is the only tax charge that the Swiss Tax Authorities will levy and all other income and capital gains will not be subject to Swiss Tax. People entering into these arrangements should consider how best to allocate their assets prior to moving to Switzerland.

b) Persons may come to Switzerland to work. In this case they will need to be employed by a Swiss Company or the Swiss Branch of an Overseas Company. The B Permit will be granted for this employment and Swiss Tax as well as Social Security Charges will be payable on the salary or consultancy fees drawn from the Swiss Company or the Branch.

The Swiss Tax Authorities may in these circumstances look to charge Swiss Tax on the person's other income that may be received in Switzerland. Appropriate structuring of assets and income should be made prior to arriving in Switzerland.

The existence of the B Permit will allow the person to either buy or rent a residential property in the Canton where the B Permit is issued. It should be noted that in the case of properties classified as commercial which include many properties that have both commercial and residential elements no permit is required to purchase or rent these properties. The commercial

element normally needs to be at least 50% of the floor area of the property. It is interesting to note that nearly all hotels are classified as commercial.

On the corporate front, it is possible to set up a Swiss Company which is an administrative company and only pay Swiss Tax based on a small percentage of its administration costs and not on its actual trading profits. Many international companies have set up their European headquarters in Switzerland to benefit from this Tax regime.

Of the many benefits in acquiring property in what is viewed as a mature stable economy, competitive Bank financing is readily available and indeed financial institutions are very much a part of the landscape. That said, it is important to ensure you are entering these financial institutions at the appropriate level and therefore the byword is representation.

W. Coleman & Co Private & Structured Finance is well placed to advise on raising property finance in a number of countries and prides itself on representation, professionalism and efficiency of turnaround.

In conclusion for people wishing to consider moving to Switzerland it is important that proper tax and legal advice should be taken so that the most suitable arrangements can be achieved to meet each person's individual needs.

For further information:

- Regent Trust Company SA is an independent registered trust company based in Geneva and offers clients Trust and Offshore corporate services.

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- W. Coleman & Co specialises in private and structured finance solutions for both residential and development real estate situations.

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