



## Federal inheritance and gift tax Swiss voters clearly rejected the initiative on 14 June 2015

On 14 June 2015, Swiss voters rejected the initiative to introduce a federal inheritance and gift tax. 71% of the Swiss voters and all the cantons voted against the initiative. The intention of the initiative was to introduce a uniform inheritance and gift tax on the federal level that would have replaced all the currently applicable cantonal regimes and would especially aimed at taxing transfers to direct descendants (i.e. children and grandchildren) at a fixed rate of 20%. Due to the vote cast by the Swiss people the current cantonal regimes, that can be summarized as follows, remain applicable:

### General remarks

Nearly all Swiss cantons currently levy inheritance and gift taxes. The only exceptions are the canton of Schwyz, which does not levy any inheritance and gift tax at all, and the canton of Lucerne which levies inheritance, but no gift tax. In some cantons (Lucerne, Fribourg, Graubünden and Vaud) the communities can also levy inheritance and gift taxes.

### Application of Swiss inheritance and gift tax

According to mostly all cantonal legislations, cantonal inheritance and gift tax can apply based on domestic legislation if:

- The deceased (inheritance tax) had his or her last place of residence or the donor (gift tax) has his or her place of residence in the respective canton; or
- A cantonal court or authority is responsible for the probate procedures; or
- A property that is located in the respective canton is transferred.

The place of residence of any recipients (heir or donee) is therefore not important for the application of Swiss inheritance and gift tax.

### **Tax rate**

The applicable tax rates vary from canton to canton. The rates are typically (the most prominent exception is the canton of Geneva) identical for inheritance and gift tax. In most cantons the rates are progressive and also depend on the relationship between the transferees. In the canton of Zurich the marginal tax rate can, for example, vary between 6% (for transfers to parents) and 36% (for transfers to non-related parties).

### **Exempted recipients**

Spouses, registered (same-sex) partners and tax exempted institutions (e.g. charitable organizations) are exempted from inheritance and gift tax in all cantons. In addition, most cantons exempt transfers to direct descendants (i.e. children and grand-children). The only exceptions are the cantons of Appenzell Innerrhoden, Vaud and Neuchatel, which do in general tax transfers to direct descendants. In addition, some communities in the canton of Lucerne levy inheritance tax for direct descendants.

### **Tax-free amount**

Small gifts up to a certain amount, which can vary from canton to canton, (for example: in the canton of Zurich CHF 5'000) are exempted from gift tax. In addition, one-time exemptions are often granted depending on the relationship between the transferees. The exact amounts can vary and are determined by the cantons.

### **Tax mitigation for businesses and rural estate**

Many cantons provide inheritance and gift tax reductions for the transfer of businesses and rural estates based on certain conditions. It is normally required that the recipients continue to pursue the business or rural activity, for a certain period of time, in order to benefit from the tax reduction. The exact rules are set by cantonal legislation.

### **Double tax treaties**

Switzerland has concluded inheritance tax (but not gift tax!) treaties with ten countries (Austria, Denmark, Finland, France, Germany, the Netherlands, Norway, Sweden, United Kingdom, United States) which remain unaffected by the popular vote and that avoid international double taxation between Switzerland and these countries.

## **Deloitte's view**

The rejection of the introduction of a federal inheritance and gift tax by the Swiss people confirms the continuation of the current cantonal regimes. Any inheritance and gift tax planning which has been impossible, due to the potential (retroactive) introduction of a federal inheritance and gift tax, will now be possible again. Last, but

not least Switzerland remains attractive for estate tax planning, especially for transfers to direct descendants.

## In short

- Introduction of new federal inheritance and gift tax has been rejected. Cantonal regimes remain applicable.
- Different tax rates depending on canton
- Spouses, registered partners, tax-exempted institutions and (in most cantons) direct descendants are exempted
- One-time tax-free amounts depending on cantonal legislation and on relationship between transferees
- Tax reduction for businesses and rural estate if certain conditions are met

This Tax Alert is also available in [French](#) and in [German](#).

Should you have any question related to the above mentioned topics, please feel free to contact your usual Deloitte advisor or one of the contacts listed below.

## Contacts

**René Schreiber**

Partner

T +41 (0)58 279 7216

[Send email](#)

**Dirk Hangarter**

Partner

T +41 (0)58 279 6335

[Send email](#)

**Ferdinando Mercuri**

Partner

T +41 (0)58 279 9242

[Send email](#)

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/ch/about](http://www.deloitte.com/ch/about) for a detailed description of the legal structure of DTTL and its member firms.

Deloitte SA is a subsidiary of Deloitte LLP, the United Kingdom member firm of DTTL.

Deloitte SA is an audit firm recognised and supervised by the Federal Audit Oversight Authority (FAOA) and the Swiss Financial Market Supervisory Authority (FINMA).

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. Deloitte SA would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. Deloitte SA accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

© 2015 Deloitte SA. All rights reserved.

Not interested anymore? [Unsubscribe](#) from all email communications. Please be aware that this will unsubscribe you from all Deloitte marketing and events communications.