

Real estate in the canton

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Real estate, which is part of almost every large estate, is subject in Basel to two layers of rules that foreign families should understand before they buy. The first is federal. The Federal Act on the Acquisition of Real Estate by Persons Abroad, known as the Lex Koller after the federal councillor who proposed its current form, requires persons abroad to obtain an authorisation for the purchase of residential property in Switzerland.¹ Nationals of member states of the European Union and the European Free Trade Association who live in Switzerland are not considered persons abroad for this purpose and can buy without restriction, as can holders of a settlement permit. Property used for a business, such as offices or production facilities, can generally be acquired without authorisation.

The second layer is cantonal. Because most residents of the city canton of Basel-Stadt rent their homes, its voters have repeatedly strengthened the protection of tenants. After a popular initiative accepted in 2021, the canton tightened its housing protection rules, which subject the demolition, renovation and conversion of rental flats in certain cases to an authorisation and can limit rent increases after renovation.² For investors in residential buildings, these rules affect the return and the scope for development, which explains why some institutional investors have shifted their attention to the neighbouring canton of Basel-Landschaft.

Succession planning for real estate also involves questions of jurisdiction. Since Swiss private international law gives particular weight to the location of immovable property, foreign estates that include a house in Basel may require proceedings or certificates in Switzerland.³ Cantonal property transfer taxes and land gains taxes must be considered when real estate passes between family members or is contributed to a company. A family that holds Basel real estate through a company should also check how the canton treats the transfer of the shares, since the economic transfer of a real estate company can trigger the same taxes as a direct sale.

1 Notes

1. On the Federal Act of 16 December 1983 on the Acquisition of Real Estate by Persons Abroad (BewG, SR 211.412.41, Lex Koller), the concept of persons abroad and the authorisation requirement, see the federal legislation and the practice of the cantonal authorities. To be verified. ↩
2. On the housing protection legislation of the canton of Basel-Stadt following the popular vote on the initiative "Ja zum echten Wohnschutz" of 28 November 2021 and the revised Housing Space Protection Act, see the cantonal legislation. Status and details to be verified. ↩
3. On the treatment of immovable property located in Switzerland in international successions (Art. 86 para. 2 and Art. 88 PILA as revised) and the recognition of foreign certificates of inheritance by Swiss land registries, see the federal legislation. To be verified. ↩

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