

Capital gains on private assets in Switzerland

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

Switzerland does not tax capital gains on private movable assets. This rule is one of the main attractions for private investors, yet it has limits, and the tax authorities watch closely for investors whose activity resembles a business.

1 The basic rule

Under Art. 16 para. 3 of the Federal Act on Direct Federal Tax (DBG), capital gains realised on the sale of private assets are tax-free. The StHG prescribes the same treatment for cantonal and communal taxes. The exemption covers shares, bonds, fund units, precious metals and, according to current practice, crypto assets held privately. As a consequence, capital losses on private assets cannot be deducted from other income.

2 Dividends and interest remain taxable

Income from movable assets is fully taxable, including dividends, interest and liquidation surpluses (Art. 20 DBG). Holders of at least ten per cent of a company's share capital benefit from partial taxation of dividends, at federal level 70 per cent of the dividend (Art. 20 para. 1bis DBG), with cantonal rules of their own. Certain transactions convert what looks like a capital gain into taxable income, notably the sale of a participation to a company controlled by the seller and the indirect partial liquidation (Art. 20a DBG). These rules regularly affect entrepreneurs who restructure their holdings.

3 The professional securities dealer

An investor whose activity goes beyond the management of private wealth may be classified as a professional securities dealer. Gains are then taxed as income from self-employment, social security contributions become

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payable, and losses become deductible. The Federal Tax Administration's Circular No. 36 sets out criteria under which private asset management is assumed without further examination. These include a minimum holding period of six months, an annual transaction volume not exceeding five times the portfolio at the start of the year, gains that do not make up a substantial share of net income, investments that are not debt-financed, and the use of derivatives limited to hedging.

If one or more criteria are not met, professional dealing is not automatically assumed. The authority then examines the overall circumstances, which leads to uncertainty that active traders should avoid where possible.

4 Real estate gains

Gains on real estate are treated separately. All cantons levy a property gains tax on the sale of land and buildings, whose rate typically decreases with the length of ownership. Very short holding periods can lead to surcharges. Gains on real estate held in business assets are subject to different rules depending on the canton.

5 What pays off in practice

- **Keep trading patterns within the safe harbour** of the circular, and document holding periods and financing.
- **Review restructurings of family companies** in advance, since transfers to holding structures can create taxable income.
- **Plan the timing of property sales** with the cantonal holding-period scale in mind.

6 How Ressos Legal helps

I advise private investors and entrepreneurs on the tax treatment of their portfolios, company holdings and property transactions in Switzerland. [Contact me](#) for a first conversation.

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Online version: helveticaregister.com/capital-gains-private-assets-switzerland