

Changing, merging and dissolving a Swiss foundation

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A foundation is created to last, often for generations, but the world in which it works changes. Its purpose may become outdated, its assets may no longer suffice, or several foundations with similar aims may achieve more together. Swiss law allows foundations to adapt within clear limits, because the founder's will remains the guiding principle even after the founder has died.

1 Changes by the supervisory authority

The supervisory authority can change the purpose of a foundation at the request of the board where the original purpose has taken on an entirely different meaning or effect, so that the foundation has obviously become estranged from the founder's intention (Article 86 of the Civil Code). It can also change the organisation of the foundation where this is urgently required to preserve its assets or its purpose (Article 85), and make minor changes to the deed where they are objectively justified and do not affect the rights of third parties (Article 86b).

2 Changes reserved by the founder

The founder can reserve in the deed of foundation the right to change the purpose and, since 1 January 2024, also the organisation of the foundation, provided that at least ten years have passed since the foundation was established or since the last change (Article 86a of the Civil Code). For tax-exempt foundations, a change of purpose is possible only within the public-benefit sphere, so that the assets remain dedicated to a tax-exempt purpose.

3 Mergers and transfers of assets

The Merger Act allows foundations to merge, provided that the merger is objectively justified and in particular serves to preserve and realise the purpose of the foundation. It also allows a foundation to transfer its assets to another legal entity. Mergers require the approval of the supervisory authority and are increasingly used by smaller foundations that no longer have the resources to pursue their purpose efficiently on their own.

4 Dissolution

A foundation is dissolved where its purpose can no longer be achieved and cannot be adapted, or where it has become unlawful or immoral (Article 88 of the Civil Code). The supervisory authority decides on the dissolution, and the foundation is removed from the commercial register. The remaining assets of a tax-exempt foundation must pass to another tax-exempt institution with a similar purpose, as the deed of foundation must provide. Some founders establish a foundation for a limited period from the outset and provide that it uses up its capital over time.

The formation of foundations is explained in the article on [charitable foundations in Switzerland](#), and fund solutions within umbrella foundations in the article on [umbrella foundations](#).

5 How Ressos Legal helps

I advise foundation boards and founders on changes to the purpose and organisation of their foundations, on mergers and transfers of assets, and on the dissolution of foundations, and represent them before the supervisory authorities. [Contact me](#) for a first conversation.

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