

Lump-sum taxation based on expenditure

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

Lump-sum taxation based on expenditure, often called the tax forfait, allows persons of foreign nationality who settle in Switzerland without pursuing gainful activity there to be taxed on the basis of their expenditure, regardless of their actual income and wealth. This long-standing regime was tightened at federal level in the mid-2010s, with an increase in the minimum amounts and the requirement of a control calculation.¹ Several cantons abolished it following popular votes, but a federal initiative seeking its abolition was rejected in 2014.²

Geneva has retained this regime. As one law firm notes, lump-sum taxation remains possible, subject to conditions, in most cantons. It is of interest to internationally mobile persons whose asset situation is complex, it simplifies administrative formalities and it offers better protection of privacy. In Geneva, however, an inheritance or gift tax may be levied even on transfers to heirs in the direct line of persons taxed on the basis of expenditure.³ This Geneva particularity must be built into the planning of the families concerned.

The forfait is of obvious interest to the Geneva financial centre: it attracts wealthy individuals, who spend, invest, employ and often entrust their assets to the centre's institutions. It is also the object of criticism, in the name of equality before the tax law, and of recurring political debate in the canton.⁴ Its continued existence depends on political majorities, which practitioners must point out to clients who are considering settling in Geneva on this basis.

Caution. Lump-sum taxation based on expenditure presupposes the absence of gainful activity in Switzerland, minimum amounts of relevant expenditure and a control calculation. It does not exempt from inheritance and gift taxes, which in Geneva may apply to transfers in the direct line. Its continued existence is a matter of political decisions.

1 Notes

1. Revision of lump-sum taxation based on expenditure in force since 1 January 2016: minimum expenditure of CHF 400,000 for the direct federal tax and seven times the rental value or the rent, compared with five previously; “Forfait fiscal”, fr.wikipedia.org (accessed September 2026); Federal Department of Finance, “Imposition d’après la dépense”, efd.admin.ch, for the dates of entry into force of the amendments (1 January 2014 and 1 January 2016). ↩
2. Popular initiative “Halte aux privilèges fiscaux des millionnaires (abolition des forfaits fiscaux)” (Stop tax privileges for millionaires (abolition of lump-sum taxation)), rejected on 30 November 2014 by 59.2 per cent of the votes and by every canton except Schaffhausen; cantonal abolition of the forfait in Zurich in 2009, then in four other cantons including Schaffhausen, Basel-Landschaft and Basel-Stadt; “Initiative populaire ‘Halte aux privilèges fiscaux des millionnaires’”, fr.wikipedia.org (accessed September 2026). ↩
3. Lenz & Staehelin, “La Suisse rejette très nettement des droits de succession de 50 %” (Switzerland clearly rejects 50 per cent inheritance taxes), lenzstaehelin.com (accessed September 2026). ↩
4. State of Geneva, page “L’imposition d’après la dépense” (ge.ch): regime reserved for foreign nationals residing in Switzerland without pursuing gainful activity there, minimum base of CHF 400,000 in Geneva, application to be submitted on arrival. Blick, 24 August 2026: 3,478 taxpayers taxed on the basis of expenditure in Switzerland in 2022 (5,634 in 2012), of whom 520 in Geneva, 706 in the canton of Vaud, 841 in Valais and 725 in Ticino. ↩

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