

Holding Swiss real estate through a company

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Investors from Asia, the Middle East and Africa are used to holding property through companies. In Switzerland, a real estate company can be a sensible vehicle, although it neither avoids the Lex Koller nor, in many cantons, the taxes due on a transfer of the property. The choice between personal and corporate ownership should be made with the full tax picture in view.

1 What a real estate company is

A real estate company is a company, usually a Swiss company limited by shares or a limited liability company, whose actual purpose is mainly to acquire, hold or trade real estate. Such companies are common in Switzerland for commercial portfolios and for family holdings, since they allow ownership to be transferred or divided through shares without changing the land register entry.

2 Lex Koller applies to shares

The Lex Koller treats the acquisition of shares in a company whose actual purpose is the acquisition of residential real estate in the same way as a direct acquisition of the property. A person abroad who buys a controlling or even a minority interest in an unlisted company holding Swiss residential flats therefore generally needs a permit, which will usually not be available for pure investment purposes. Companies that hold only business premises used as permanent establishments are not affected in the same way. Founding a Swiss company controlled from abroad does not change this assessment, because such a company is itself regarded as a person abroad.

3 Corporate versus personal ownership

When a company holds the property, rental income is subject to corporate profit tax and the company pays capital tax, while the shareholder is taxed on distributions and holds the shares as part of their wealth. Under personal ownership, the owner is taxed directly on rental income and on the property value. Which route is more favourable depends on the canton, on whether profits are distributed or reinvested, on the financing structure and on the owner's home jurisdiction. Questions of succession and asset protection may also point in one direction or the other.

4 Economic change of ownership

Many cantons treat the transfer of a majority of the shares in a real estate company as an economic change of ownership. Such a share sale can trigger property gains tax and, where the canton levies it, property transfer tax, just as if the property itself had been sold. The cantonal rules differ in detail, for example on how several sales between related parties are aggregated, so the exit strategy should be considered when the structure is set up.

5 Setting up the structure

Transferring property that is already held personally into a company is in itself a change of ownership and may give rise to taxes. Tax rulings from the cantonal authority are commonly used to confirm the treatment of a planned reorganisation in advance.

6 What pays off in practice

- **Check the Lex Koller position first**, because a structure that requires an unobtainable permit cannot be implemented.
- **Model both entry and exit taxes**, including a later share sale and its treatment as an economic change of ownership.
- **Secure a tax ruling** for reorganisations and transfers between personal and corporate ownership.

7 How Ressos Legal helps

I advise international investors and families on choosing and implementing the right holding structure for Swiss property, coordinating legal and tax aspects across jurisdictions. [Contact me](#) for a first conversation.

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