

Citizenship by degrees: modern naturalization

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Modern Swiss citizenship retains the three levels that the Locarnese encountered in the sixteenth century: a person is a citizen of a commune, of a canton and of the Confederation. Ordinary naturalization under the Federal Act on Swiss Citizenship of 20 June 2014 (Swiss Citizenship Act, SCA, SR 141.0), in force since 1 January 2018, requires a permanent residence permit (C permit) and ten years of residence in Switzerland, with the years between the ages of eight and eighteen counting double. Applicants must be successfully integrated, which the law defines by reference to respect for public security and order, respect for the values of the Federal Constitution, language skills (at least level B1 orally and A2 in writing in a national language spoken at the place of residence), participation in economic life or education, and the encouragement of the integration of family members.¹ Recipients of social assistance and persons with relevant criminal convictions or unpaid taxes face obstacles. The cantons and communes add their own residence periods and examinations.²

For a wealthy family the significance of naturalization lies less in tax than in security of status. A naturalized citizen cannot be expelled, can vote and hold office, and enjoys diplomatic protection. Persons taxed according to expenditure who acquire Swiss citizenship lose the right to lump-sum taxation, since Art. 14 DBG is reserved to persons without Swiss nationality. Families therefore sometimes face a choice between the tax advantages of the regime and the political rights and security of citizenship, much as the Locarnese of the seventeenth century had to choose between the costs of the citizenship fee and the advantages of full membership in the civic community. The descendants of Aloisio Orelli waited a hundred and twenty-four years for full rights. A modern family can achieve citizenship within about a decade, provided that it lives in Switzerland and integrates. Common misconception. It is often assumed that wealthy foreigners can buy Swiss citizenship or obtain it on the basis of investment.

Switzerland has no citizenship-by-investment programme. Naturalization requires ten years of residence, a C permit, integration and language skills, and the cantons and communes examine each application individually. Residence on fiscal grounds can be granted to wealthy third-country nationals, but it creates no shortcut to citizenship.³

1 Holding family wealth: foundations and trusts

The Locarnese families organized their solidarity in common funds and later in family foundations and associations. Modern Swiss law offers families limited instruments of this kind. The family foundation under Art. 335 of the Swiss Civil Code (SCC, SR 210) may be established only for specified purposes, namely to meet the costs of educating, endowing or supporting family members or for similar purposes. The establishment of family fideicommissa, which tie property to a family in perpetuity, is prohibited by Art. 335(2) SCC. The Federal Supreme Court has interpreted the provision restrictively and has held that foundations that grant family members benefits without a specific need, so-called maintenance foundations (*Unterhaltsstiftungen*), are invalid under Swiss law. Foreign maintenance foundations are treated differently: in 2009 the court held that the prohibition in Art. 335(2) SCC is not a mandatory rule of Swiss private international law and recognized a Liechtenstein family foundation.⁴ As a result Swiss families have long used Liechtenstein foundations or common-law trusts for estate planning.

The political response has been slow. In 2023 the Council of States adopted a motion by Thierry Burkart (22.4445), "Die Schweizer Familienstiftung stärken. Verbot der Unterhaltsstiftung aufheben", which asks the Federal Council to repeal the prohibition of maintenance foundations. The Legal Affairs Committee of the National Council recommended its adoption, arguing that Switzerland lacked an appropriate domestic instrument for family wealth planning and that families were forced to use foreign structures. A minority raised concerns about transparency and supervision. After the National Council had also adopted it, the motion was transmitted to the Federal Council in February 2024, although the Federal Council itself had recommended its rejection.⁵ At the time of writing the necessary amendment to the Civil Code had not entered into force.

Trusts are recognized in Switzerland under the Hague Convention of 1 July 1985 on the Law Applicable to Trusts and on their Recognition, which Switzerland ratified with effect from 2007, and under Art. 149a–149e of the Federal Act on Private International Law (PILA, SR 291).⁶ A Swiss law trust does not exist. The Federal Council prepared a draft to introduce a trust

into the Code of Obligations but decided on 15 September 2023 not to proceed, after the tax treatment proposed in the consultation had met with substantial opposition.⁷ Swiss trustees therefore administer foreign-law trusts, and since 2023 professional trustees have required authorization from the Swiss Financial Market Supervisory Authority (FINMA) under the Financial Institutions Act (FinIA, SR 954.1), as Chapter E.III explains.

2 Notes

1. Bär & Karrer, "Briefing: New Swiss Citizenship Act", July 2017, https://media.baerkarrer.ch/karmarun/image/upload/baer-karrer/B_K_Briefing_Buergerrechtsges_etz_E.pdf (consulted 4 October 2026). Federal Act on Swiss Citizenship of 20 June 2014 (SCA), SR 141.0, Arts 9, 11 and 12, <https://www.droit-bilingue.ch/de-fr/1/14/141.0-9-12.html> and <https://www.droit-bilingue.ch/de-fr/1/14/141.0-12-15.html> (consulted 5 October 2026): permanent residence permit and ten years of residence, three of them in the five years before the application; years between the ages of 8 and 18 counted double, with an actual residence of at least six years; integration criteria of Art. 12(1)(a)–(e). ↩
2. Bär & Karrer, "Briefing" (above), on social assistance, criminal convictions and unpaid taxes. Art. 18(1) SCA, <https://www.droit-bilingue.ch/de-fr/1/14/141.0-18-21.html> (consulted 5 October 2026): "Die kantonale Gesetzgebung sieht eine Mindestaufenthaltsdauer von zwei bis fünf Jahren vor." ↩
3. Bär & Karrer, "Briefing" (above); Kanton Appenzell Innerrhoden, Merkblatt (above). ↩
4. Swiss Civil Code of 10 December 1907 (SCC), SR 210, Art. 335, <https://www.droit-bilingue.ch/de-fr/2/21/210-406.html> (consulted 5 October 2026). BGE 108 II 393 (1982), <https://www.servat.unibe.ch/dfr/bge/c2108393.html> (consulted 5 October 2026): a foundation that gave family members the use of a holiday chalet without conditions tied to particular circumstances of life was invalid as an inadmissible maintenance foundation. BGE 135 III 614 of 17 November 2009, <https://www.servat.unibe.ch/dfr/bge/c3135614.html> (consulted 5 October 2026): Art. 335(2) SCC is not a mandatory provision within the meaning of Art. 18 PILA, so that a Liechtenstein family maintenance foundation established in 1987 had capacity to sue in Switzerland. ↩

5. Parliament of Switzerland, Legal Affairs Committee of the National Council, committee report on motion 22.4445 (file dated 18 January 2024), https://www.parlament.ch/centers/kb/Documents/2022/Kommissionbericht_RK-N_22.4445_2024-01-18.pdf (consulted 4 October 2026): adoption by the Council of States on 12 December 2023 (31 votes to 12); committee recommendation of adoption by 15 votes to 9. Parliament of Switzerland, Curia Vista record of motion 22.4445, [https://ws.parlament.ch/odata.svc/Business\(ID=20224445,Language='DE'\)](https://ws.parlament.ch/odata.svc/Business(ID=20224445,Language='DE')) (consulted 5 October 2026): submitted by Thierry Burkart on 15 December 2022; the Federal Council proposed rejection; status "Überwiesen an den Bundesrat" since 27 February 2024. ↩
6. Saffery, "Swiss trust law shelved", <https://interviewpoints.saffery.com/post/102inz4/swiss-trust-law-shelved> (consulted 4 October 2026), on the adoption of the Hague Convention in 2007. Hague Conference on Private International Law, status table of the Convention of 1 July 1985 on the Law Applicable to Trusts and on their Recognition, <https://www.hcch.net/en/instruments/conventions/status-table/?cid=59> (consulted 5 October 2026): Switzerland signed on 3 April 2007 and ratified on 26 April 2007, with entry into force on 1 July 2007. Federal Act on Private International Law of 18 December 1987 (PILA), SR 291, Arts 149a–149e, <https://www.droit-bilingue.ch/de-fr/2/29/291-149a-174.html> (consulted 5 October 2026): Art. 149a defines trusts by reference to the Hague Convention (SR 0.221.371). ↩
7. Saffery, "Swiss trust law shelved" (above): decision of the Federal Council of 15 September 2023 not to proceed with the introduction of a Swiss trust, because the tax treatment "encountered substantial opposition during the consultation process". ↩

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