

Succession planning for family businesses in Switzerland

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

For many entrepreneurs from Asia, the Middle East and Africa who run a company in Switzerland, the question of succession arises sooner than expected. A transfer that works under corporate law can still fail under succession law or lead to unexpected tax consequences. Early planning helps to keep the business intact and to treat the family fairly.

1 Shareholder agreements as a foundation

A shareholder agreement can govern what happens to shares on the death or incapacity of a shareholder, for example through purchase rights, rights of first refusal or rules on voting and board representation. Such provisions bind the contracting parties and are often combined with restrictions on transfer in the articles of association. They should be coordinated with the will so that heirs and remaining shareholders know what to expect.

2 Transfer to the next generation

Shares can be transferred during the owner's lifetime by gift or sale or upon death by will or inheritance contract. Lifetime transfers allow the successor to grow into the role and the founder to accompany the transition. Gifts to children are, however, generally taken into account when the estate is divided later, unless the donor has provided otherwise, and certain gifts may be subject to abatement if they infringe compulsory portions.

3 Interaction with forced heirship

The 2023 reform of Swiss inheritance law reduced the compulsory portions of descendants to half of their statutory share and abolished those of parents. This creates more room for allocating a company to one child while compensating others with different assets. Where the company

represents most of the estate, an inheritance contract in which the other heirs agree to the allocation and possibly waive part of their entitlements is often the most reliable solution. Further legislation specifically on business succession has been under discussion at federal level, and its status should be checked at the time of planning.

4 Gift and inheritance tax by canton

Switzerland has no federal inheritance or gift tax. These taxes are levied by the cantons, and the rules differ considerably. Most cantons exempt transfers to the surviving spouse and many also exempt transfers to descendants, while tax rates for other beneficiaries vary widely. The relevant canton is usually the canton of the deceased's last domicile or the donor's domicile, with real estate generally taxed where it is located. A comparison of the cantonal rules is part of any serious succession plan.

5 Valuation and liquidity

The value of a private company is often disputed among heirs. An agreed valuation method in the shareholder agreement or inheritance contract can reduce conflicts. Liquidity for compensating heirs who do not take over the business should also be planned in advance, for example through insurance or dividend policy.

6 What pays off in practice

- **Start early.** A succession plan developed over several years leaves room for adjustments and tax optimisation.
- **Align all documents.** Articles of association, shareholder agreement, marriage contract and will should form one coherent system.
- **Involve the family.** Open discussions and binding agreements with all heirs reduce the risk of later disputes.

7 How Ressos Legal helps

I advise entrepreneurs on the succession of their Swiss companies, coordinating corporate, succession and tax aspects, and draft the necessary agreements. [Contact me](#) for a first conversation.

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