

Domiciliary companies in Switzerland: why the BVI company with a Swiss address has had its day

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For decades, a familiar structure for investors from Asia, the Middle East and Africa was a company incorporated in the British Virgin Islands, run from an office in Zurich, Geneva or Zug, with a Swiss bank account and a letterhead reading "c/o" a Swiss fiduciary. The structure was cheap, discreet and widely accepted. In 2026 it has become expensive, conspicuous and, in most cases, pointless, because Swiss tax, register and anti-money laundering law now look through the foreign shell to the place where the company is actually run. If you want to do business in or from Switzerland today, the right vehicle is a Swiss company.

1 What a "domiciliary company" is

The term is used in Switzerland in three different senses, and much of the confusion around the subject comes from mixing them up.

In tax law, a domiciliary company (*Domizilgesellschaft*) was a Swiss company that had its registered office in a canton but carried on no business activity there, typically a Swiss AG administered by a fiduciary at a "c/o" address. Until the end of 2019, the cantons taxed the foreign income of such companies at a heavily reduced rate under the special cantonal tax status of the Tax Harmonisation Act (former Art. 28 para. 3 and 4 StHA). This privilege was abolished with effect from 1 January 2020 by the Federal Act on Tax Reform and AHV Financing (TRAF). Since then, a Swiss domiciliary company is taxed like every other Swiss company.

In anti-money laundering law, the term is broader. The FINMA Anti-Money Laundering Ordinance defines domiciliary companies (*Sitzgesellschaften*) as legal entities, companies, foundations, trusts and similar structures that do not operate a trading, manufacturing or other commercially run business (Art. 2 let. a AMLO-FINMA). A BVI company that holds a bank account, a portfolio or a shareholding, but has no staff

and no premises of its own, is a domiciliary company in this sense, wherever its registered office happens to be.

In everyday usage, finally, "domiciliary company" simply means a company that exists at an address without having an office there, the classic "letterbox company".

2 The classic structure: a BVI company with a Swiss address

From the 1990s until well into the 2010s, the offshore company run from Switzerland was a standard product of Swiss fiduciaries. The company was incorporated in the British Virgin Islands, with a registered agent and a registered office in Road Town. Its directors were often Swiss fiduciaries acting as nominees, its bank account was held in Switzerland, and its correspondence went to an address in Zurich, Geneva or Lugano, marked "c/o" the fiduciary. The BVI charged no tax on the company's profits, the company filed no accounts, the names of its owners appeared in no public register, and the Swiss tax authorities rarely looked at a company that was, on paper, foreign.

The structure rested on a simple premise: that the law of the place of incorporation governs the company and that the place of incorporation also determines where it pays tax. Swiss private international law does accept the first half of this premise. A company is governed by the law of the state under which it is organised, provided it satisfies the publicity or registration requirements of that law (Art. 154 para. 1 PILA). A BVI company is therefore recognised in Switzerland as a BVI company. The second half of the premise, however, was never Swiss law, and it is the second half that has caught up with the structure.

3 The c/o requirement explained

Every legal entity entered in the Swiss commercial register must have an address at its registered office at which it can be reached, stating street, building number, postcode and locality (Art. 117 para. 2 Commercial Register Ordinance, CRO). If the entity has no office of its own at that place, the entry must also state with whom it has its legal domicile, which appears in the register and on the company's letterhead as "c/o" the domicile provider (Art. 117 para. 3 CRO). The domicile provider, usually a fiduciary, a law firm or a business centre, must declare in writing that it grants the company a legal domicile at its address. The register office may request further information on the domicile, in particular on the staff present at that address (Art. 117 para. 4 CRO), and an entry that no longer

corresponds to the facts can be corrected in a formal procedure (Art. 938 CO). A false declaration to the register may constitute the offence of obtaining a false certification by deception (Art. 253 SCC).

The c/o address is therefore a lawful and transparent instrument. It tells the public, the courts and the authorities that the company is reachable at the fiduciary's address but has no premises there. For a BVI company, the c/o element became relevant in two situations: when it registered a Swiss branch in the commercial register without renting its own office, and, far more often, when it simply used a Swiss c/o address as its business address on invoices, contracts and bank documents without any Swiss registration at all. The second practice was common and, as the following sections show, it is the one that creates most of the risk.

4 Swiss tax: the place of effective management decides

A legal entity is subject to unlimited tax liability in Switzerland if its registered office or its place of effective management is in Switzerland (Art. 50 DBG for the direct federal tax; Art. 20 para. 1 StHA for cantonal and communal taxes). The place of effective management is where the decisions of day-to-day management are actually taken. If the directors of a BVI company live in Zurich, meet in Zurich and run the business from there, or if the Swiss fiduciary in practice takes the decisions, the BVI company is a Swiss taxpayer on its worldwide profits, exactly like a Swiss AG, and it must file Swiss tax returns and keep accounts that meet Swiss standards.

The same principle applies to the 35 per cent withholding tax. A company incorporated under foreign law is treated as a Swiss resident for withholding tax purposes if it is effectively managed in Switzerland and carries on a business activity here (Art. 9 para. 1 WTA). Its dividends can then be subject to Swiss withholding tax, although no Swiss company ever declared them. For value added tax, a company that supplies goods or services in Switzerland must register once its turnover exceeds the threshold, irrespective of where it is incorporated (Art. 10 VAT Act).

A BVI company run from Switzerland thus gains nothing from its BVI incorporation in tax terms. It becomes a Swiss taxpayer in any event, while the foreign incorporation adds a second set of filings, a second registered agent and a tax status that auditors, banks and tax authorities in the investor's home country will question. Where the company has not declared its Swiss tax liability, back taxes, late interest and penalties for tax evasion may follow for the open years.

5 Swiss company law: personal liability of those who run it

Swiss private international law contains a rule written for exactly this structure. If the business of a company incorporated under foreign law is conducted in or from Switzerland, the liability of the persons acting on its behalf is governed by Swiss law (Art. 159 PILA). The Swiss fiduciary acting as nominee director, the Swiss-resident manager and the owner who gives instructions from Zurich therefore face Swiss liability standards for the acts of the BVI company. The protection that the BVI corporate veil was supposed to offer is considerably weaker than many owners assume.

If the BVI company carries on a business in Switzerland through a permanent establishment, it must register a branch in the Swiss commercial register. The branch is governed by Swiss law, and at least one person authorised to represent it must reside in Switzerland (Art. 160 para. 1 and 2 PILA; Art. 113 et seq. CRO). A Swiss branch is a perfectly legitimate vehicle for a real foreign operating company. For a BVI shell without substance anywhere, it merely documents in a public register that the company is really Swiss.

6 The Swiss transparency register from 1 October 2026

The Federal Act on the Transparency of Legal Entities (TJPG) and its implementing ordinance have been in force since 1 October 2026. They create a central federal register of beneficial owners, which is not public but can be consulted by authorities and by financial intermediaries. The register covers Swiss companies limited by shares, limited liability companies and cooperatives, and it also covers foreign legal entities that have a branch registered in Switzerland, that are effectively managed in Switzerland or that own Swiss real estate. For foreign legal entities, the first report is due within six months of the entry into force, that is, by the end of March 2027. A BVI company run from Switzerland must therefore disclose its beneficial owners to a Swiss federal register, which removes the last practical argument for anonymity that the structure once offered. The article on [the transparency register and the revised Anti-Money Laundering Act](#) explains the new duties in detail.

7 Banking: the Swiss account for a BVI company

Swiss banks and other financial intermediaries must identify the beneficial owner of every domiciliary company and apply particular care to such relationships under the Anti-Money Laundering Act and the Code of Conduct of the Swiss Bankers Association (CDB 20). In practice, the bank

will require a Form A signed by the directors naming the beneficial owner, certified and apostilled corporate documents from the BVI, a certificate of incumbency from the registered agent, and a coherent explanation of the source of funds and of the business carried on. Since the Financial Action Task Force placed the British Virgin Islands on its list of jurisdictions under increased monitoring in June 2025, and since the European Commission added the territory to the EU list of high-risk third countries in December 2025, many banks apply enhanced due diligence to BVI entities or decline them as a matter of policy. The British Virgin Islands had already appeared on the EU list of non-cooperative jurisdictions for tax purposes from February to October 2023.

Under the automatic exchange of financial account information, a Swiss bank classifies a BVI company without an active business as a passive non-financial entity and reports its controlling persons to their countries of residence. Switzerland exchanges information with mainland China, Hong Kong, Singapore, the Gulf states and more than a hundred other jurisdictions. Whatever discretion the structure once offered towards the owner's home tax authority no longer exists. How Switzerland treats offshore trusts, foundations and companies held by private clients is explained in the article on [offshore structures](#).

Our article on [bankability and opening a Swiss bank account for your company](#) explains what Swiss banks examine in more detail.

8 The BVI side: substance, returns and beneficial ownership

The British Virgin Islands have themselves changed their rules fundamentally. Since 2019, the Economic Substance (Companies and Limited Partnerships) Act requires every BVI company that carries on a "relevant activity", such as holding, financing, distribution and service centre, headquarters or intellectual property business, to demonstrate adequate substance in the BVI or to prove that it is tax resident elsewhere. A company that claims tax residence in Switzerland must support the claim with evidence from the Swiss tax authorities, such as tax assessments, tax returns filed or a residence certificate. The BVI rules thereby require the company to prove the very Swiss tax liability that the structure was often designed to avoid.

In addition, BVI companies must file an annual financial return with their registered agent for financial periods beginning on or after 1 January 2023, and their beneficial ownership information must be filed with the BVI

Registry of Corporate Affairs. Since 2026, persons who can show a legitimate interest may apply for access to that information. A BVI company without any BVI substance has, therefore, become an entity with extensive reporting duties in two jurisdictions, while its original advantages have fallen away.

9 Compliance checklist for a BVI company used in Switzerland

If a BVI company is already in place and is used in Switzerland, the following points should be reviewed now:

- Where are the day-to-day management decisions actually taken, and by whom? If the answer is Switzerland, the company is a Swiss taxpayer under Art. 50 DBG and Art. 20 StHA, and its Swiss tax position for past years must be reviewed.
- Does the company have a permanent establishment in Switzerland that requires a branch entry in the commercial register (Art. 160 PILA)?
- Is a Swiss c/o address used on letterhead, invoices or contracts, and is it covered by a domicile agreement with the provider?
- Must the company report its beneficial owners to the Swiss transparency register under the TJPG by the end of March 2027?
- Has the company filed its BVI economic substance report and, if it claims Swiss tax residence, can it produce the Swiss evidence the BVI authority requires?
- Has the annual financial return been filed with the registered agent, and is the beneficial ownership information held in the BVI current?
- Are dividends potentially subject to Swiss withholding tax under Art. 9 para. 1 WTA?
- Are the Swiss directors and managers aware of their personal liability under Swiss law (Art. 159 PILA)?
- Has the owner's home country been checked for controlled foreign company rules and for rules that treat a foreign company managed from that country as resident there? These questions should be answered by the owner's advisers in the home jurisdiction.
- Does the bank have a current Form A, a complete source-of-funds file and an explanation of the business that matches what actually happens?

10 Is the offshore structure still relevant?

For companies that are run from Switzerland, the answer is no. The BVI company has lost the advantages that once justified it. Its profits are taxed

in Switzerland as soon as it is managed here, its owners are disclosed to banks, to the BVI Registry and, from October 2026, to a Swiss federal register, and its financial data is exchanged automatically with the owner's home country. What remains are the costs and the risks: double reporting, difficult banking relationships, personal liability for the people who run it, and, in the worst case, a tax audit covering several years.

A narrow residual role remains for BVI companies that are genuinely managed outside Switzerland, for example as an intermediate holding company within an Asian group whose board sits in Hong Kong or Singapore, and that only hold assets or an account in Switzerland. Even in these cases, Swiss banks will ask why the structure is needed, and the listing of the British Virgin Islands by the FATF and the European Union makes the answer harder to give.

11 The better route: a Swiss company

For investors who want to operate in or from Switzerland, a Swiss company is today the simpler, cheaper and more credible solution:

- **Limited liability company (GmbH / Sàrl):** minimum share capital of CHF 20,000 (Art. 773 CO), suitable for trading, service and holding companies of small and medium size. At least one managing director with signing authority must reside in Switzerland (Art. 814 para. 3 CO).
- **Company limited by shares (AG / SA):** minimum share capital of CHF 100,000, of which at least CHF 50,000 must be paid in (Art. 621 and 632 CO). The share capital may also be denominated in a foreign currency that is important for the business, such as the US dollar or the euro (Art. 621 para. 2 CO). The AG is the preferred form for larger operations, holding companies and businesses that plan to raise capital. One person with signing authority residing in Switzerland is required (Art. 718 para. 4 CO).
- **Branch of a foreign operating company:** suitable where a real company in China, Hong Kong, Singapore or the Gulf wishes to operate in Switzerland without creating a separate legal entity (Art. 160 PILA; Art. 113 et seq. CRO).
- **Migration of an existing BVI company:** a foreign company may transfer its seat to Switzerland and submit to Swiss law without liquidation, provided the foreign law permits this and the company adapts to a Swiss legal form (Art. 161 and 162 PILA). BVI law allows a company to continue under the law of another jurisdiction. The migration preserves the company's contracts and assets and turns a compliance problem into a clean Swiss company.

Domiciliary companies in Switzerland

A Swiss company may still use a c/o address at the start, which is fully lawful. As the business grows, own premises and Swiss staff add to its credibility with banks, business partners and the tax authorities of other countries, which increasingly require economic substance before they grant treaty benefits. Switzerland's network of more than one hundred double taxation treaties is available to a Swiss company with genuine substance, whereas a BVI company has virtually no treaty network at all. The article on [setting up a Swiss company in five steps](#) describes the formation process, and the article on [group and holding structures in Switzerland](#) explains how a Swiss company fits into an international group.

12 Conclusion

The BVI company with a Swiss c/o address belongs to a period in which offshore incorporation, bank secrecy and the absence of information exchange reinforced each other. Each of these elements has since disappeared. A company that is run from Switzerland is treated as Swiss by the Swiss tax authorities, by the commercial register, by the new transparency register and by Swiss banks, regardless of where it was incorporated. The logical consequence is to choose a Swiss legal form from the outset, or to migrate an existing offshore company to Switzerland, rather than maintain a structure whose only lasting effect is additional cost and risk.

13 How Ressos Legal helps

I advise investors and companies from Greater China, Asia, the Middle East and Africa on setting up in Switzerland, on reviewing, converting and migrating offshore structures, and on the related tax and banking questions, and I work alongside your lawyers in your home jurisdiction. [Contact me](#) before your bank or the tax authority raises the question.

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

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