

Group and holding structures in Switzerland

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A Swiss holding company lets you collect dividends from your subsidiaries at little or no Swiss tax and reinvest them where they earn the most. The special cantonal holding status is gone, but the participation deduction remains, and it does most of the work.

1 The company form

Most holding companies are organised as a company limited by shares (Aktiengesellschaft, AG; Art. 620 ff. OR) with a minimum share capital of CHF 100,000 (Art. 621 para. 1 CO). A limited liability company (GmbH; Art. 772 ff. OR) needs only CHF 20,000 (Art. 773 CO) but is less suited to outside investors, because the names of its members appear in the commercial register. Since 2023 the share capital may also be denominated in a foreign currency such as US dollars (Art. 621 para. 2 CO). Either form needs at least one person authorised to represent it who lives in Switzerland (Art. 718 para. 4 CO; Art. 814 para. 3 CO).

2 How dividends are taxed on the way in

Dividends and capital gains from qualifying participations are largely relieved from profit tax through the participation deduction. A participation qualifies if it amounts to at least 10 per cent of the capital or has a market value of at least CHF 1 million (Art. 69 DBG); gains on disposal qualify if at least 10 per cent was held for at least one year (Art. 70 para. 4 DBG). The cantons apply the same principle (Art. 28 StHG). The former cantonal holding privilege was abolished with effect from 1 January 2020 by the Federal Act on Tax Reform and AHV Financing (TRAF).

3 How dividends leave Switzerland

Swiss dividends bear a withholding tax of 35 per cent (Art. 4 para. 1 lit. b VStG). Three routes reduce the burden. Distributions out of capital contribution reserves are free of withholding tax (Art. 5 para. 1^{bis} VStG). A double taxation treaty reduces the rate for the foreign parent; see [Double taxation treaties](#). Parent companies in the European Union benefit from a zero rate under Art. 9 of the Agreement between Switzerland and the EU on the automatic exchange of financial account information.

4 The OECD minimum tax

Groups with consolidated revenue of at least EUR 750 million are subject to a minimum effective tax rate of 15 per cent. Switzerland has levied a qualified domestic minimum top-up tax since 1 January 2024 and has applied the income inclusion rule since 1 January 2025 (Minimum Taxation Ordinance). For smaller groups nothing changes; for large groups the top-up tax stays in Switzerland rather than flowing to another state.

5 What pays off in practice

- **Substance.** A holding company with real management in Switzerland is recognised by treaty partners and banks; a letterbox is not.
- **Capital contribution reserves.** Record contributions from shareholders properly from the start; they can later be repaid free of withholding tax.
- **Choice of canton.** Profit tax, capital tax and the attitude of the tax administration differ from canton to canton.

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