

Taxes on Swiss real estate: transfer tax, property gains tax and imputed rental value

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Swiss property is taxed at several stages, and most of these taxes are levied by the cantons and municipalities. Foreign owners should therefore expect noticeable differences between cantons, both in the rates and in the taxes that apply at all. The following overview explains the main categories.

1 Property transfer tax

Many cantons levy a property transfer tax when ownership of land changes. The rate is usually a percentage in the low single digits of the purchase price, and the canton decides whether the buyer, the seller or both bear the tax. Some cantons, among them Zurich, do not levy such a tax, although land register and notarial fees remain payable. Several cantons grant reductions or exemptions for owner-occupied homes or for corporate reorganisations.

2 Property gains tax

All cantons tax gains realised on the sale of real estate. For private individuals, a separate property gains tax applies, and the gain is generally calculated as the sale price less the acquisition cost and value-enhancing investments. The rate usually falls the longer the property has been held, while short holding periods often attract surcharges. For companies, some cantons treat property gains as ordinary profit, whereas others levy the special property gains tax on companies as well. The tax is levied by the canton where the property is located, regardless of where the seller resides.

3 Property tax

A number of cantons and municipalities levy an annual property tax calculated on the value of the property, without deduction of debt. The

rates are modest, typically a fraction of one per cent, but the tax applies irrespective of whether the property produces income. Other cantons do not levy it at all.

4 Wealth and income tax

Swiss property is subject to cantonal wealth tax and to income tax on rental income, even where the owner lives abroad. Foreign owners therefore usually become limited taxpayers in the canton where the property is situated. Mortgage interest and maintenance costs are generally deductible, and debt is allocated between Swiss and foreign assets according to the rules for international tax allocation. Double taxation agreements generally allocate the taxing right over immovable property to the state in which it is situated.

5 Imputed rental value and the planned reform

Owners who occupy their own Swiss property, or keep it available for their own use, are currently taxed on an imputed rental value as notional income. On 28 September 2025, Swiss voters approved a reform abolishing the imputed rental value for owner-occupied homes and second homes, together with substantial restrictions on the deduction of mortgage interest and maintenance costs. Until the reform is implemented, the current system continues to apply, and the federal government has indicated that implementation is not expected before 2028. Owners should review their financing and maintenance plans in light of the transition, without assuming any specific date.

6 What pays off in practice

- **Compare cantons before buying**, since transfer tax, property tax and gains tax burdens differ considerably.
- **Document all value-enhancing investments**, as they reduce the taxable gain on a later sale.
- **Review the holding period** before selling, because short-term sales often carry higher rates.

7 How Ressos Legal helps

I advise foreign owners on the tax consequences of buying, holding and selling Swiss property, including cross-border questions under double taxation agreements. [Contact me](#) for a first conversation.

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