

Wealth tax in Switzerland: how cantons tax net assets

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Switzerland is one of the few countries that still levies an annual tax on private wealth. The tax is raised by the cantons and communes alone, and its burden depends heavily on where a family takes up residence and how its assets are valued.

1 A cantonal tax with no federal counterpart

The Confederation does not levy a wealth tax. The Federal Act on the Harmonisation of Direct Taxes of the Cantons and Communes (StHG) requires every canton to tax the net wealth of resident individuals (Art. 2 para. 1 StHG) and sets common principles, while each canton fixes its own tariff, allowances and multipliers. Communes then add their own levy, usually as a multiple of the cantonal base tax.

Rates are progressive and differ considerably between cantons, and sometimes between communes within the same canton. Tax-free allowances also vary. A comparison of the relevant cantons is therefore part of any relocation decision, especially for families whose wealth is large relative to their income.

2 What is taxed: net wealth worldwide

Residents are taxed on their entire net wealth, which covers bank balances, securities, cash value of life insurance, vehicles, participations, crypto assets and real estate, less the debts owed. Assets are generally assessed at their market value (Art. 14 para. 1 StHG), with the position at the end of the tax period being decisive. Household effects are exempt in the cantons.

3 Valuation of securities and unlisted shares

Listed securities are valued at their year-end market price, for which the Federal Tax Administration publishes a list of reference values. Shares in unlisted companies are more demanding. The cantons apply a circular of the Swiss Tax Conference that sets out a formula, typically combining net asset value and capitalised earnings, and that contains specific rules for start-ups, holding companies and asset management companies. Where a recent arm's-length transaction exists, that price may prevail. For founders and family shareholders this valuation often drives the overall tax bill.

4 Real estate

Swiss property is included at a tax value determined under cantonal rules, which in many cantons lies below the market value. Each canton uses its own method, and periodic revaluations can raise the tax value noticeably. Mortgages and other debts are deductible from total wealth.

5 Foreign real estate and rate progression

Real estate situated abroad, as well as foreign business assets and permanent establishments, is excluded from Swiss taxation. It is nevertheless taken into account when determining the applicable rate, so the Swiss assets are taxed at the rate that would apply to total worldwide wealth. Debts are allocated proportionately between Swiss and foreign assets, which limits the benefit of financing foreign property from Switzerland.

6 What pays off in practice

- **Compare cantons early** before choosing a place of residence, since wealth tax differences can exceed income tax differences for asset-rich families.
- **Document the value of unlisted shares** with up-to-date accounts and, where available, transaction evidence, and review the valuation method before the first tax return.
- **Structure financing deliberately**, bearing in mind that debts are allocated proportionately and that interest and principal have consequences for both income and wealth tax.

7 How Ressos Legal helps

I advise families moving to Switzerland on the choice of canton, the valuation of their holdings and the presentation of their first Swiss tax return. [Contact me](#) for a first conversation.

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