

Practitioner's note: the division of Landis & Gyr as a transaction pattern

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The history of Landis & Gyr after 1987 follows a pattern that recurs in the transactions of Swiss industrial groups and that practitioners in Zug encounter regularly. A family enterprise with several businesses passes to a financial holding company, which separates the businesses and sells them to strategic buyers or financial investors. The buyers integrate the businesses into their own groups, keep or move the headquarters and in some cases list the business again on the stock exchange a decade or two later.

Each stage of this pattern raises specific legal questions. The separation of businesses within a Swiss group can be carried out without tax consequences as a restructuring under the tax neutrality rules of federal and cantonal law, provided that the businesses separated are operating businesses and that the conditions of the restructuring rules are met.¹ The sale of a business to a foreign buyer raises questions of merger control, of foreign investment screening in sensitive sectors and of the treatment of the employees. The listing of a business on the SIX Swiss Exchange, as in the case of Landis+Gyr in 2017 and V-ZUG in 2020, requires compliance with the listing rules and with the provisions of the Financial Services Act on the prospectus.²

For the canton of Zug, the pattern has generally been favourable. The headquarters of the businesses that emerged from Landis & Gyr remained in the canton, where new functions were added to them. The canton's environment for holding companies and its pragmatic administration facilitated the restructurings. The practitioner who advises on such transactions in Zug works in a setting where the authorities, the commercial register and the tax administration are familiar with complex group reorganisations, and where rulings on the tax treatment of restructurings can be obtained efficiently.

1 Notes

1. DBG, Art. 61 para. 1 lit. b (SR 642.11), swissrights.ch; StHG, Art. 24 para. 3 lit. b (SR 642.14), droit-bilingue.ch: hidden reserves are not taxed on a demerger (Auf- oder Abspaltung) where Swiss tax liability continues, the previous tax values are carried over, one or more businesses or parts of businesses (Betriebe oder Teilbetriebe) are transferred and the entities existing after the demerger each continue a business or part of a business. ↩
2. FinSA/FIDLEG, Art. 35 para. 1 (SR 950.1), swissrights.ch: anyone who makes a public offer of securities in Switzerland or applies for their admission to trading on a trading venue must first publish a prospectus. ↩

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