

Practitioner's note: the holding company as a legal form

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

The holding company that the laws of 1924 and 1930 sought to attract was a legal form of Swiss company law and has remained one. A holding company is a company limited by shares, or since the company law reform of 1936 also a limited liability company, whose main purpose is the long-term holding of participations in other companies.¹ The tax definition in the later harmonisation law required that the holding of participations be the statutory purpose and the main activity and that the participations or the income from them represent at least two thirds of the company's assets or income.² Since 1 January 2020, the cantonal holding privilege no longer exists. A holding company in Zug, as in every other canton, is taxed on its profits at the ordinary rate, subject to the participation deduction, which relieves dividends and capital gains from qualifying participations of tax in proportion to their share of the total profit.³ In practice, a pure holding company whose income consists almost entirely of qualifying dividends and capital gains pays little profit tax under the ordinary regime as well, since the participation deduction removes most of its income from the tax base. The capital tax on holding companies has been reduced by relief for participations. The economic effect of the old privilege has thus in large part survived its abolition, in a form that conforms to international standards. Chapter III examines this transformation in detail.

1 Notes

1. Federal Office of Justice, "Revision der GmbH", bj.admin.ch: the GmbH law had remained unchanged since 1936; Fedlex, BBl 1936 III 605 (revision of Titles XXIV to XXXIII of the Code of Obligations). ↩
2. Fedlex, StHG of 14 December 1990, SR 642.14, consolidated version of 1 January 2019, fedlex.admin.ch, Art. 28 para. 2: capital companies and cooperatives whose statutory purpose consists mainly in the long-term

administration of participations and which carry on no business activity in Switzerland pay no tax on their net profit, provided the participations or the income from them represent in the longer term at least two thirds of total assets or income; income from Swiss real estate is taxed at the ordinary rate. Federal Department of Finance, "Volksabstimmung zum Bundesgesetz über die Steuerreform und die AHV-Finanzierung (19.05.2019)", efd.admin.ch, and Federal Council press release of 14 June 2019, admin.ch: the privileges were abolished by the TRAF, in force 1 January 2020. ↩

3. Fedlex, StHG of 14 December 1990, SR 642.14, consolidated version of 1 January 2019, fedlex.admin.ch, Art. 28 para. 1 and 1bis: reduction of the profit tax in proportion of the net income from participations to total net profit where the company holds at least 10 per cent of the capital or of profits and reserves of another company or participations with a market value of at least CHF 1 million; extension to capital gains on holdings of at least 10 per cent held for at least one year. Kantonales Steueramt Zürich, "Merkblatt Beteiligungen", 27 August 2020, zh.ch: the same thresholds after the TRAF. Treated in Chapter III. ↩

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.

Online version: helveticaregister.com/zug-practitioner-s-note-the-holding-company-as-a-legal-form