

The process of relocation

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

The relocation of a wealthy family to Zug involves several legal steps, which the practitioner must coordinate carefully.

The first is the right of residence. Nationals of the member states of the European Union and of the European Free Trade Association who do not work in Switzerland obtain a residence permit if they have sufficient financial means and health insurance.¹ Nationals of third countries who do not work may be admitted as wealthy persons where important cantonal fiscal interests justify it. This route requires the approval of the cantonal authorities and of the State Secretariat for Migration and can be combined with the taxation according to expenditure.² The second is the tax domicile. The family must establish its residence in Zug and give up its residence in the previous state, in fact as well as in form. The foreign tax authorities will examine whether the family has really left. Some states, such as Germany, continue to tax former residents for several years on their domestic income under extended limited tax liability.³ Because the departure may trigger the exit taxation of the previous state on unrealised gains in shares and other assets, that taxation must be planned in advance.

The third is the tax arrangement in Zug: the application for an advance ruling on the taxation according to expenditure where applicable, or the planning of ordinary taxation, including the structure of the family's holdings, the treatment of its companies and the timing of the move within the tax year.

The fourth concerns social security. Persons resident in Switzerland are in principle subject to the Swiss old-age and survivors' insurance. Those who do not work pay contributions based on their wealth and their pension income, which for very wealthy persons reach the maximum contribution.⁴ The fifth concerns health insurance, which is compulsory for residents.

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The sixth concerns the family's succession planning. A move to Switzerland changes the law applicable to the succession of the family members and the jurisdiction of the courts. It may also affect the validity and the effect of existing wills, marriage contracts and structures. Chapter III examines these questions.

1 Notes

1. Agreement between the European Community and its Member States and the Swiss Confederation on the free movement of persons, Annex I, Art. 24 para. 1, eur-lex.europa.eu (CELEX 22002A0430(01)): a national of a contracting party who does not pursue an economic activity receives a residence permit of at least five years if he has sufficient financial means not to require social assistance and health insurance covering all risks. The corresponding rule for EFTA nationals under the EFTA Convention was not separately checked. ↩
2. Art. 30 para. 1 lit. b AIG (swissrights.ch: derogation from the admission requirements for important public interests) and Art. 32 VZAE (droit-bilingue.ch: important public interests include considerable cantonal fiscal interests); Migrationsamt des Kantons Zürich, directive of 19 November 2021 on residence without gainful activity, zh.ch: Zurich practice requires an expected annual tax of about CHF 1 million. Verordnung des EJPD über das ausländerrechtliche Zustimmungsverfahren (ZV-EJPD, SR 142.201.1), Art. 5 lit. e, version of 1 April 2025, lexfind.ch: the grant of a short-term or residence permit for important public interests (Art. 32 VZAE) is subject to the approval of the State Secretariat for Migration. ↩
3. Peter Happe and Lothar Boelsen, "Wegzugsbesteuerung nach § 6 AStG n. F. – Erste Erfahrungen und das Verhältnis zu § 2 AStG", GHM GmbH Steuerberatungsgesellschaft, 17 July 2025, ghm-partners.de: § 2 AStG extends the tax liability of German nationals who were subject to unlimited tax liability in five of the ten years before departure and move to a low-tax country while keeping substantial economic interests in Germany, for up to ten years after the year of departure; § 6 AStG taxes a fictitious sale of holdings of 1 per cent or more in corporations on departure. Treated in the Germany volume. ↩

4. Informationsstelle AHV/IV, leaflet 2.03 "Beiträge der Nichterwerbstätigen an die AHV, die IV und die EO", November 2025, ahv-iv.ch: contributions based on wealth plus twenty times the annual pension income; minimum contribution CHF 530 and maximum contribution CHF 26,500 a year, reached at CHF 8,950,000; Agreement on the free movement of persons, Annex II, eur-lex.europa.eu: coordination of social security systems between Switzerland and the EU member states. ↩

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