

Legacy and outlook

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The relocation of German entrepreneurs and families to Zurich is part of a long history. Since the nineteenth century, German capital has sought refuge in Switzerland in times of political uncertainty and high taxation, with the German state following close behind. The convention of 1971, with its special rules on residence and its emigrants' clause, codified this tension in the language of treaty law. The Außensteuergesetz of 1972, adopted in the same years, added the domestic instruments that still define the legal landscape. The instruments have been refined repeatedly since then, most recently by the ATAD Implementation Act of 2021, the extension of the exit tax to investment funds in 2025 and the Protocol of 2023, but their basic logic has not changed. Germany does not prevent its citizens from moving to Zurich. It ensures that the wealth they accumulated in Germany remains taxable there and that a move made for tax reasons alone does not pay off within the first few years.

For the Zurich financial centre, the German community has become a structural element. German clients form a significant part of the clientele of Zurich private banks and asset managers, German professionals staff their offices, and German entrepreneurs have founded companies that are now part of the Swiss economy. The end of banking secrecy for tax purposes has changed the character of this relationship. The Zurich banks now serve German clients whose affairs are fully declared. The value they offer lies in the quality of their services, the stability of the Swiss franc and the legal security of the Swiss system. The companion volume on Geneva has described a similar transformation in the relationship between Geneva and French clients, which differs mainly in the greater weight of lump-sum taxation on Lake Geneva.

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Several developments deserve attention in the coming years. The application of the Protocol of 2023 from 2026 onwards will show how the new rules on cross-border commuters and the principal purpose test are applied in practice. The compatibility of the new exit tax with the free movement agreement remains open after the Wächter judgment. A reference to the Court of Justice cannot be excluded. The German debate on inheritance tax and on the taxation of wealth may lead to changes that increase the incentive to move. Finally, the package of agreements between Switzerland and the European Union may modify the free movement regime, although the rights of German residents in Zurich are unlikely to be affected in substance.

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