

## **GUIDE TO BUYING PROPERTY IN SWITZERLAND**

*Disclaimer: This guide is an overview. It is not an authoritative statement and it should not be construed as legal or tax advice.*



### **Property Purchase by Foreigners**

- Individuals purchasing property in Switzerland require a permit from the relevant Canton and Federal Authorities.
- The number of annual 'foreigner' permits authorised is currently limited and are often restricted to Cantons considered as tourist resorts. Some Cantons restrict the type of property purchased. For instance, you may be able to purchase a chalet in one canton but not in another.
- There may be time restrictions on property resale by foreigners in some Cantons; therefore property in Switzerland must generally be viewed as a long-term investment. In the Valais canton there is a restriction of 5 years. However, it is possible to resell within the 5 year period but only at the original purchase price. This is to prevent speculation in the Swiss property market. However, property prices in the Swiss Alps continue to rise.
- Valais authorisations to non-Swiss are currently limited for holiday homes and are issued on a first come first served basis. The availability of authorisations does change dependent on the cantonal authorities.
- A Swiss-based solicitor, a Notary, will apply for the permit and act on behalf of the purchaser and the seller (vendor).
- A non-Swiss husband and wife can purchase one property and their off-spring, aged 20 + can each purchase a property – so too can the grandmother or grandfather.
- The size of property a foreigner can purchase is restricted to 200m<sup>2</sup> living space.
- Under Swiss law, an owner and his /her family may live in their property for up to 6 months per year without the need for a Residence Permit. 3 months max allowed per stay.
- If you buy as a Swiss Resident you are not restricted by these laws.



### Purchase costs

- The cost of purchase varies in the different Cantons. In Valais the purchase costs are estimated at 4% of the purchase price, which is 2.5% for the Notary fees, land registry fees and government purchase tax and 1.5% for the registration of the mortgage at the bank.  
In the Canton of Vaud, it amounts to approx 4.8% of the purchase price.  
All purchase costs are paid by the purchaser.



### Mortgages

- Mortgages from Swiss banks range from 60%-80% Loan to Value dependant on financial circumstances.
- Interest rates are lower than in the UK. The mortgage is a loan secured against the property. Variable and fixed rates apply and vary. Contact Ski Invest for current rates.
- 80% mortgages are available if funds are transferred to the bank and pledged as collateral. Other security such as insurance policies, convertible bonds, pension funds, etc. will also be considered.
- It is common to have a life-time mortgage.
- 20% of the mortgage must be paid off in 25 years
- Interest is payable every 6 months
- The capital repayment is made quarterly or at the end of the year

Additional mortgage information can be obtained from our finance partners, during your inspection visit.

Please note: No commission is paid as an incentive from the Swiss mortgage companies (Banks) to Ski Invest.





## New Property Construction Guarantees

- New Appliances, manufacturers guarantee – 1 year
- Construction defects – 5 years
- Hidden defects – 10 years

Resale properties do not have guarantees.



## Payment Terms

- All transactions are made in Swiss Francs
- The Buyer must be able to pay a minimum deposit of 30% - 34% of the total property cost.
- Here is a payment schedule (which may vary dependant on the buyers arrangements with their own bank and the developer's timescales):
  - 30% at time of signature directly to the Notary (minus the initial deposit usually CHF100, 000 to secure the property)
  - 10% on completion of basement and garage
  - 20% at completion of the roof
  - 30% after installation of kitchen and bathrooms
  - 10% at the remittance of the keys to the new owner
- All payments are made directly to the Notary.

NB: If the construction has progressed by the time of signing/purchase, a more substantial down-payment will be required.



### Swiss Taxes

Taxes in Switzerland vary in relation to the purchase price; from 0.8% to 1.3% per annum dependent on how the property is financed.

There are 3 Levels of Taxes, they are:

- Federal Tax
- Cantonal Tax
- Communal Tax

There are also taxes applicable to non-Swiss residents, they are:

- Income Tax
- Wealth Tax
- Property Tax

Non-Swiss Residents Tax Table					
	Income Tax	Wealth Tax	Property Tax	Capital Gains Tax	Inheritance Tax
<b>Government</b>	x				
<b>Canton</b>	x	x		x	x
<b>Commune</b>	x	x	x		

There is a dual taxation agreement with the UK. This means you will not be taxed twice.

NB: Ski Invest recommend you take independent tax advice

### Property Rental

- Rental of property is restricted to 11 months and 1 week per year, as the owner, family and friends are expected to use the property for a minimum of 3 weeks per year.
- There are Property Management companies to take care of rental, including all associated activities: marketing, cleaning, linen and key holder service, who typically charge around 20-25% of the rental value.



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### **Death Duties and Succession**

- As all Swiss properties are freehold, the purchaser has the right to transfer the property to direct heirs under Succession laws.
- It is advisable to draw up a separate Will to deal specifically with the Swiss property, and lodge a copy with the Notary.
- The property must be left in the Will to direct line descendants and Swiss death duties are payable, but they are much lower than required in the UK.
- Inheritance tax varies from Canton to Canton, from 0% up to 5%+ dependent on the property value.