

Swiss Residence Permit by Lump-Sum Taxation (Expenditure-Based Taxation for High-Net-Worth Individuals)

Swiss residence by lump-sum taxation – also known as expenditure-based taxation – enables eligible foreign nationals to obtain a Swiss residence permit following a negotiated lump-sum tax ruling with the competent cantonal tax authority. Under this regime, qualifying individuals are taxed on their worldwide living expenses rather than on their worldwide income and wealth, subject to strict statutory minimums and a parallel “control calculation” for Swiss-source income and treaty-relief income.

The lump-sum tax residence regime is often marketed internationally as “Switzerland’s Golden Visa” and sometimes described as a form of Swiss residence by investment. In legal terms, however, Switzerland does not operate a standalone golden visa or citizenship-by-investment programme. The immigration element relies on discretionary residence permits under Swiss federal law, while the tax element is governed by federal and cantonal rules on expenditure-based taxation. Eligibility, structure and outcomes therefore depend on the canton, the applicant’s profile and the successful negotiation of a tax ruling.

The lump-sum tax regime is most commonly used by high-net-worth individuals HNWI who wish to establish (tax) residence in Switzerland. For wealthy non-EU/EFTA nationals who do not intend to work in Switzerland, it is one of the few available legal pathways to obtain a Swiss residence permit. For EU/EFTA nationals, the AFMP provides for facilitated legal pathways to Swiss residency, but wealthy EU/EFTA nationals may also use the regime where the tax outcome is more favourable than in their home country.

In this guide, we explain who can qualify for Swiss residence by lump-sum taxation, how the lump-sum tax base is calculated in practice, the restrictions on gainful activity in Switzerland, the physical presence and “centre of life” expectations, the cantonal availability of the scheme and why canton choice matters, as well as the application process, common pitfalls, and long-term planning points.

To discuss your eligibility for a Swiss Lump-Sum Taxation Residence Permit, contact our immigration lawyers in Switzerland on +41 21 588 07 70 or submit an enquiry via our website.

Key Benefits of Swiss Residency by Lump-Sum Taxation

The Swiss lump-sum taxation route offers high-net-worth individuals seeking residence in Switzerland a distinctive combination of tax efficiency, predictability and lifestyle advantages.

First, the regime provides a tax-efficient framework based on worldwide living expenses rather than worldwide income and assets. Provided federal and cantonal tax base minimums and the control calculation are respected, the taxpayer's overall Swiss income tax liability is determined by reference to an agreed expenditure base rather than annual fluctuations in income, capital gains or portfolio returns.

Secondly, the route offers a non-commercial pathway to Swiss residence for individuals who wish to establish their personal and tax domicile in Switzerland but continue their main business interests or executive roles abroad. Gains on privately held financial assets are generally not subject to Swiss capital gains tax for individuals, which can be particularly attractive for internationally mobile investors and family offices whose investment activities remain outside the scope of Swiss business taxation.

Thirdly, lump-sum taxation enables a predictable, pre-agreed annual tax position. The expenditure base and resulting tax burden are negotiated in advance with the cantonal tax authority and confirmed in a formal tax ruling, providing clarity on Swiss tax exposure before relocation.

Alongside the tax characteristics, lump-sum taxpayers and their families can enjoy Switzerland's exceptional quality of life, including political stability, personal security, high-quality healthcare, strong infrastructure and access to excellent public and private education.

In immigration terms, a successful lump-sum taxation case can open the door to long-term settlement, with the possibility of progressing from a B permit to a C permit and, ultimately, if the individual is willing to give up the benefits of lump-sum taxation, to Swiss citizenship via ordinary naturalisation, subject to residence duration, language proficiency and integration criteria, which vary by canton and nationality.

Eligibility Requirements for Swiss Residence by Lump-Sum Taxation

To qualify for a Swiss residence permit linked to lump-sum taxation, an applicant must satisfy both the tax authority's requirements for an expenditure-based taxation ruling and the migration authority's expectations for admission and ongoing residence. The tax ruling

is cantonal, but the issuance of the residence permit is based on federal law and therefore broadly consistent across Switzerland.

Nationality and Personal Status

The lump-sum taxation regime is available only to foreign nationals; Swiss citizens cannot use it.

- It is most frequently used by non-EU/EFTA nationals who do not intend to work in Switzerland but wish to establish residence on the basis of their fiscal contribution (predominant cantonal fiscal interest).
- EU/EFTA nationals can also opt for Swiss residency based on lump-sum taxation where the overall tax position is more attractive than standard EU/EFTA “financially self-sufficient” residence.

New or Returning Residents

As a rule, applicants (and, where applicable, their spouse) must be taking up Swiss residence for the first time or returning after a prolonged period abroad. Federal guidance refers to an absence of at least ten years as the benchmark for returning residents.

Financial Capacity to Sustain the Agreed Annual Tax Position

Applicants must have substantial financial means such that the negotiated annual lump-sum tax liability is credible and sustainable over time. For non-EU/EFTA nationals, residence based on predominant cantonal fiscal interest is typically associated with deemed expenditure in the high hundreds of thousands of Swiss francs (often in the CHF 400,000–1,000,000 range), from which the tax liability is calculated.

In general, the focus is on the canton’s willingness to accept the proposed expenditure base. In all cases, a realistic and well-supported financial profile is essential.

Accommodation in Switzerland

In addition to securing a favourable tax ruling, applicants must secure suitable accommodation in Switzerland, either rented or owned, in the chosen canton. Housing is not just an immigration requirement; the annual rental value or rent of the principal residence is often a key driver of the tax base, because Swiss law requires that the taxable base may not be lower than a multiple (commonly seven times) of that rent or rental value.

Physical Presence and “Centre of Vital Interests”

To maintain residence under the lump-sum route, applicants must establish Switzerland as both their tax domicile and centre of vital interests. In practice this usually means:

- Spending the majority of the year in Switzerland (commonly framed as approximately 183 days); and
- Demonstrating that key elements of personal and family life (home, schooling, day-to-day activities) are centred in Switzerland.

Authorities will look at the overall factual pattern, not just a single day-count.

No Gainful Activity in Switzerland

A fundamental condition of the lump-sum regime is that the taxpayer (and usually their spouse) does not engage in gainful employment or self-employment in Switzerland.

- Management of one's own assets and investments is generally permitted.
- Gainful activity outside Switzerland – for example, board roles or executive functions in foreign companies – is usually acceptable, provided it does not create a Swiss permanent establishment or otherwise connect the activity to the Swiss labour market.
- Swiss board mandates are a nuanced area: unremunerated positions for third-party companies or minority participation may be acceptable in some cantons, but any prospective Swiss board or mandate role should be cleared in advance with both tax and migration authorities.

The right to be taxed on expenditure ceases if the individual takes up gainful employment in Switzerland or becomes a Swiss citizen; at that point, ordinary taxation on worldwide income and wealth typically applies.

General Admissibility

As with any Swiss residence permit, applicants must satisfy general immigration requirements, including suitability of character, a clean or acceptable criminal record, and compliance with any previous immigration and tax obligations.

How Swiss Lump-Sum Taxation Works in Practice

The Concept of Expenditure-Based Taxation

Under Swiss lump-sum taxation, the taxable base is determined by reference to the taxpayer's annual living expenses in Switzerland and abroad for themselves and their dependents. These expenses typically include accommodation, food, clothing, education, healthcare, travel and other lifestyle costs.

Instead of reporting worldwide income and assets in detail, the taxpayer and the canton agree a notional expenditure level that reflects the individual's lifestyle and circumstances, subject to minimum statutory rules and an annual control calculation.

Federal and Cantonal Minimums and the "7× Rent" Rule

Under the Swiss lump-sum taxation regime (taxation according to expenditure), minimum assessment thresholds apply to ensure that the agreed expenditure base is not set artificially low and complies with federal and cantonal law.

At the federal level, the taxable expenditure must be at least equal to the highest of the following amounts:

- The statutory minimum amount prescribed by federal law (currently CHF 434,700, subject to periodic adjustment);
- Seven times the annual rent paid for the taxpayer's primary residence in Switzerland, or, where the property is owner-occupied, seven times its imputed rental value; and
- The amount resulting from the so-called control calculation, which is based on Swiss-source income and certain foreign-source income for which Switzerland grants treaty relief.

In addition to the federal requirements, the cantons are free to impose higher minimum taxable bases for cantonal and communal tax purposes. In practice, a number of cantons popular with lump-sum taxpayers apply materially higher thresholds that translate into minimum tax burdens in the region of CHF 200,000 - 500,000, with higher minimums in certain cantons.

The Control Calculation and Double Tax Treaties

Every taxpayer taxed on an expenditure basis must carry out a control calculation each year. Under this calculation, the tax base must not be lower than the total ordinary tax that would be due on:

- All Swiss-source income, including income from Swiss real estate, Swiss financial assets, Swiss pensions and Swiss IP; and
- Any foreign-source income in respect of which the taxpayer claims relief under a Swiss double tax treaty.

In other words, lump-sum taxation cannot produce a lower Swiss tax liability on these elements than ordinary taxation would.

Some double tax treaties include specific conditions or limitations for lump-sum taxpayers. In practice, whether treaty relief is available to a lump-sum taxpayer depends on the terms of the specific treaty and, in some cases, on the taxpayer opting for ordinary taxation in Switzerland in respect of the relevant income.

Wealth Tax

While wealth tax is not levied at federal level, cantons are required to determine a wealth tax base for lump-sum taxpayers and tax this base at ordinary cantonal/communal wealth tax rates. In many cantons, the wealth tax base is calculated as a multiple (often 5–20×) of the income tax base, subject to a separate control calculation for Swiss-situs assets.

Typical Tax Burdens

Because the tax base is negotiated case-by-case and minimums differ across cantons and municipalities, actual annual tax burdens vary widely. For many internationally mobile high-net-worth individuals relocating to major cantons, a combined annual tax burden in a broad CHF 200,000–500,000+ range is common, with higher figures for very high expenditure profiles.

Cantonal Availability and Choosing the Right Canton

Lump-sum taxation remains a matter of cantonal discretion. Not all cantons offer the regime at cantonal and communal level, and those that do apply it in different ways.

Cantons that Have Abolished the Lump-Sum Tax Regime

Several cantons have abolished lump-sum taxation for cantonal and communal taxes, including:

- Zurich
- Basel-Stadt
- Basel-Landschaft
- Schaffhausen
- Appenzell Ausserrhoden

At federal level, expenditure-based taxation remains available in these cantons as a matter of law, but in practice relocation to these jurisdictions is rarely attractive for lump-sum taxpayers because worldwide income and wealth are fully taxed at cantonal and communal level.

Cantons that Still Offer Lump-Sum Taxation

Most other cantons continue to offer the regime, including well-known destinations such as Geneva, Vaud, Valais, Ticino, Zug, as well as cantons that are less prominent internationally but offer competitive conditions (for example, Uri, Obwalden, Nidwalden, St. Gallen, Thurgau and others).

Each canton sets its own:

- Minimum taxable base for cantonal and communal tax;
- Approach to the housing multiple and control calculation;
- Expectations on physical presence and “centre of life”; and
- Administrative practice in working with high-net-worth newcomers.

Careful canton selection is therefore a core strategic step.

Physical Presence and “Centre of Vital Interests”

To preserve residence under the lump-sum taxation route, applicants must show that Switzerland is not merely a tax base but their genuine main place of residence.

Key factors include:

- Spending the majority of the year in Switzerland (often described as at least approximately 183 days per year);
- The location of the family home, including where spouses and minor children live;
- The place where children attend school;
- The location of social, cultural and community ties;
- The organisation of healthcare, banking and professional services.

Authorities look at the overall pattern of life. Attempts to maintain Swiss residence while spending most of the year elsewhere, or to rely on purely formal connections, are likely to attract scrutiny and may lead to non-renewal or withdrawal of the permit.

Restrictions on Gainful Activity Under the Lump-Sum Route

A central condition of the regime is that the taxpayer does not pursue gainful activity in Switzerland, whether as an employee, self-employed person or business owner.

- **No Swiss employment or self-employment:** Taking up a salaried role in Switzerland or running a Swiss business is incompatible with lump-sum taxation; other legal pathways are available for work and residence permits to which ordinary taxation apply.
- **Permitted activities:** The management of one's own assets and investments, including via a Swiss family office or holding company, is generally allowed.
- **Board positions:** Non-remunerated board of directors roles for third-party Swiss companies or companies in which the individual holds only a minority stake may be acceptable; by contrast, board roles linked to a controlling participation or remuneration will likely be regarded as gainful activity.

The right to expenditure-based taxation and the associated residence permit expire if the taxpayer takes up gainful employment in Switzerland or acquires Swiss citizenship.

Family Reunion under the Lump-Sum Taxation Regime

Swiss residence by lump-sum taxation can extend to immediate family members.

- Spouses / registered partners will usually obtain a derivative B permit linked to the principal applicant, with the same duration.
- Dependent children (for non-EU/EFTA nationals generally under 18; for EU/EFTA until 21 if still dependent) can typically be included.

Children benefit from access to Switzerland's education system, both public and private/international. Depending on the canton and age, family members may be able to undertake gainful employment, but this should be checked carefully with the local cantonal authorities as a prior authorisation may be necessary. Voluntary community work is in principle possible, but a prior cantonal labour authorisation may also be required.

Pathway to C Permit and Swiss Citizenship

From B Permit to C Permit (Permanent Residence)

Holders of a B permit under the lump-sum taxation regime may, in principle, progress to a C permit after a period of continuous lawful residence – usually 10 years, or 5 years for certain nationalities (including some EU/EFTA nationals and US and Canadian nationals on the basis of existing bi-lateral Settlement Agreements signed with Switzerland).

Eligibility for a C permit depends on:

- The existence of a bilateral Settlement Agreement with the home country (currently in place with certain EU countries, US and Canada) impacts the mandatory minimum duration of residence (i.e. 5 year vs. 10 year or residence);
- Integration, including language competence in a national language;
- Compliance with tax and immigration obligations;
- Good conduct (i.e. no criminal offences).

From C Permit to Swiss Citizenship

Once the residency and integration criteria are met, individuals may apply for Swiss citizenship via ordinary naturalisation. There is no formal “citizenship by investment” route in Swiss law.

For lump-sum taxpayers, it is important to note that:

- The right to be taxed on an expenditure basis ends once Swiss citizenship is obtained; and
- In practice, careful planning is needed to manage the transition from lump-sum to ordinary taxation.

Application Process for Swiss Residence by Lump-Sum Taxation

The issuance of lump-sum taxation permits is an exceptional, fully discretionary, administrative process. Such permits are only issued if the Swiss tax and immigration authorities consider that there is a major cantonal fiscal interest. This means that there is no legal entitlement to either a lump-sum taxation agreement or a lump-sum taxation based residence permit.

Each case is bespoke and, since Switzerland is a federal country, the administrative process is canton-specific and varies from canton to canton. However, in general, lump-sum taxation applications typically follow four main stages.

Stage 1: Initial Advice and Eligibility Assessment

The first step is a detailed analysis of:

- Nationality and residence options;
- Financial profile and target tax outcome;
- Family circumstances;
- Preferred lifestyle and canton/municipality.

At this stage, preliminary canton selection is made and key parameters (indicative expenditure base, presence expectations, housing budget) are explored.

Stage 2: Negotiation of the Lump-Sum Tax Ruling

Once a canton has been chosen, discussions with the cantonal tax authority are opened to negotiate a draft lump-sum tax ruling. The ruling will typically:

- Set out the agreed expenditure base;
- Confirm that the statutory minimums and control calculation tests are satisfied;
- Clarify how wealth tax and any double tax treaties will be applied.

In many cases, this negotiation phase takes several weeks and is a critical stage in the overall project.

Stage 3: Preparation and Submission of the Residence Application

With the tax ruling in place, the next step is to prepare and file the residence permit application.

For non-EU/EFTA nationals, this typically involves:

- A tax agreement from the cantonal tax administration;
- Evidence of suitable accommodation in the canton;
- Proof of comprehensive Swiss health and accident insurance;
- Criminal record extract from the country of origin;
- A cover letter explaining the reasons for settling in Switzerland;
- A written commitment not to engage in gainful activity in Switzerland and to transfer the centre of vital interests to the canton;
- Civil status documents.

The application is generally lodged with the cantonal migration authority and forwarded to the State Secretariat for Migration (SEM) for approval at federal level.

For EU/EFTA nationals, the residence permit application typically involves:

- A tax agreement from the cantonal tax administration;
- Evidence of suitable accommodation in the canton;
- Proof of comprehensive Swiss health and accident insurance;
- A written commitment not to engage in gainful activity in Switzerland;
- Civil status documents.

Stage 4: Decision, Entry and Ongoing Compliance

EU nationals may take up residence upon submission of the residence permit application with the competent commune of residence.

Non-EU nationals must first await the final permit approval. If the application is approved, the applicant will receive authorisation to enter Switzerland (visa nationals must first obtain a visa) and then obtain their B residence permit upon registration with the competent commune of residence in the canton that issued the lump-sum taxation decision. From that point, the applicant must:

- Pay the annual tax liability in accordance with the ruling;
- Maintain the agreed level of physical presence;
- Avoid gainful activity in Switzerland and comply with any additional conditions.

Annual tax returns and periodic reviews of the lump-sum ruling (for example, when expenses, housing or family circumstances change) are part of ongoing compliance.

Common Pitfalls in Swiss Lump-Sum Taxation Cases

Several recurring issues can undermine applications or create problems:

- **Underestimating the financial commitment:** The lump-sum tax is not a nominal fixed fee, but a substantial amount. Unrealistic expectations or inadequate disclosure during the ruling negotiation can cause delay or refusal.
- **Misunderstanding residence expectations:** Treating Switzerland as a nominal base while spending most of the year elsewhere is incompatible with the requirement to

transfer the centre of vital interests and can lead to close scrutiny or loss of status.

- **Breaching the “no gainful activity in Switzerland” rule:** Engaging in work, consulting or business activities connected to the Swiss labour market – even informally – can jeopardise both the tax ruling and the residence permit. Board roles and advisory functions must be assessed on the facts and communicated to the authorities.
- **Choosing the wrong canton:** Not all cantons offer full lump-sum taxation, and those that do can differ materially in minimums, practice and attitude to high-net-worth residents. Inadequate canton analysis is a common source of disappointment.
- **Weak documentation and inconsistent narratives:** Swiss authorities expect precise, well-organised and consistent documentation on finances, background and relocation intentions. Incomplete or inconsistent submissions can cause delay or refusal even for strong candidates.

Switzerland's Lump-Sum Taxation Route - FAQ's

What is Swiss lump-sum taxation?

Swiss lump-sum taxation (expenditure-based taxation) is a special regime that allows eligible, high-net-worth foreign nationals to obtain a Swiss residence permit while being taxed on an agreed level of worldwide living expenses instead of their worldwide income and wealth.

Who can apply for a Swiss residence permit by lump-sum taxation?

The regime is open to high-net-worth foreign nationals who do not intend to work in Switzerland and who are moving to Switzerland for the first time or after at least ten years of absence and who can demonstrate substantial financial means and an intention to make Switzerland their main home. Applying for a residence permit based on a lump-sum taxation agreement is an attractive legal pathway for non-EU/EFTA nationals, who have limited legal pathways to Swiss residence. EU/EFTA nationals can also apply for Swiss residence based on lump-sum taxation.

How is Swiss lump-sum taxation calculated and what is the minimum tax?

The tax base is agreed case by case with the canton, based on worldwide living expenses, but cannot be lower than a federal / cantonal minimum taxable base and a multiple (often seven times) of the rent or rental value of the main Swiss residence; in practice, total annual tax is often in the CHF 200,000–500,000+ range depending on the chosen canton, municipality, housing, family circumstances and the negotiated ruling.

Can I work or run a business in Switzerland under the lump-sum tax regime?

No, the taxpayer and usually their spouse may not carry out gainful employment or self-employment in Switzerland, although managing their own assets and investments and carrying out business activities entirely abroad is generally permitted, subject to avoiding a Swiss permanent establishment.

Which cantons in Switzerland still offer lump-sum taxation?

Lump-sum taxation is a cantonal choice and, although politically challenged and closely scrutinised, it remains available in many cantons such as Geneva, Vaud, Valais, Ticino, Zug and Obwalden, while some cantons including Zurich, Basel-Stadt, Basel-Landschaft, Schaffhausen and Appenzell Ausserrhoden have abolished it for cantonal and communal taxes.

Does Swiss lump-sum taxation lead to a C permit and Swiss citizenship?

Yes, lump-sum taxpayers usually start with a B residence permit and can, in principle, progress to a C permit after a qualifying period of residence and then to Swiss citizenship via ordinary naturalisation, subject to residence duration, integration and language requirements, although the lump-sum regime itself ends once Swiss citizenship is acquired.

Is Swiss lump-sum taxation the same as a Swiss Golden Visa or citizenship by investment?

No, Switzerland does not have a formal golden visa or citizenship-by-investment programme; lump-sum taxation is a discretionary residence and taxation framework for high-net-worth individuals whose admission is in the canton's predominant fiscal interest, and any later citizenship is granted only through ordinary naturalisation.

How Richmond Chambers Switzerland Can Assist

Navigating Swiss residence by lump-sum taxation requires careful alignment of immigration, tax and personal objectives. At Richmond Chambers Switzerland, our trusted

Swiss immigration and tax specialists work closely with clients to provide a co-ordinated, end-to-end service for high-net-worth individuals and their families who are considering this route.

Our assistance typically includes:

- **Eligibility and route analysis:** Assessing whether lump-sum taxation is appropriate in light of your nationality, financial circumstances, residence plans and alternative Swiss immigration options (including entrepreneur, investor and retirement routes).
- **Canton selection and strategic planning:** Advising on canton choice, physical presence expectations and how best to structure your move from both an immigration and lifestyle perspective.
- **Tax ruling strategy and negotiations with cantonal authorities:** Preparing and presenting the information needed for a robust and sustainable lump-sum tax ruling, negotiating with the competent cantonal authorities where required, and ensuring immigration implications are considered throughout.
- **Residence permit preparation and filing:** Drafting and assembling the documentation for your B permit application (and accompanying family members), liaising with the cantonal and federal authorities, and monitoring progress until a decision is reached.
- **Ongoing compliance and long-term planning:** Advising on renewal strategy, changes in activity or family situation, potential transition to other residence categories, and long-term planning towards a C permit and, where desired, ordinary naturalisation.

Contact Our Immigration Lawyers in Switzerland

We regularly advise high-net-worth individuals and family offices on whether Swiss lump-sum taxation is appropriate in the context of their global tax and residence strategy, and on the alternatives where it is not.

To discuss your eligibility for Swiss residence by lump-sum taxation and the most appropriate route for you and your family, you can contact our Swiss immigration lawyers on +41 21 588 07 70 or submit an enquiry via our website.