

On our Radar

Swiss Inheritance Tax Initiative



Background

On March 4, 2024, the popular initiative ‘For a social climate policy – financed fairly through taxation (Initiative for a Future)’ – in short, the Inheritance tax initiative’ – came into being. It calls for an estate and gift tax of 50%. This is to be levied by the federal government in addition to cantonal or municipal inheritance and gift taxes. Those affected can claim a one-off tax exemption of CHF 50 million on all gifts and a person’s estate after the initiative is adopted.

In May 2024, the Federal Council of the Swiss government recommended rejecting the initiative without presenting a direct alternative or indirect counter-proposal.

In June 2024, National Councillor Schneeberger asked a range of questions about the possible measures mentioned in the text of the initiative to prevent tax avoidance, particularly in the case of emigration. The Federal Council now states that the implementation must, as usual, comply with international law and the constitution in each case. Emigrating from Switzerland does not automatically qualify as tax avoidance, which is subject to tax consequences.

In August 2024, the Federal Council responded to the Schneeberger interpellation and clearly rejected the possibility of an exit tax, sending out an important signal in the process.



Background – continued

On December 13, 2024, the Federal Council clearly and unequivocally opposed the initiative in a message to Parliament, rejecting the initiative without proposing a direct counterproposal or an indirect alternative and explicitly emphasising that inheritance and gift taxes are under the jurisdiction of the cantons, and the initiative undermines this authority. However, referring to the Federal Constitution, the Federal Council did not declare the initiative invalid or partially invalid. The Federal Council also confirmed that the exit tax provided for in the transitional provision of the initiative could only come into effect after the adoption of corresponding implementing provisions (and thus not retroactively to the date of the vote).



Conclusion

Should the initiative ultimately be accepted (which is extremely questionable, if not highly unlikely at present), there would be sufficient time (approximately three years) to plan a potential relocation from Switzerland to adapt to the new tax situation.

Sources: PwC, August 2024 / MME Legal, January 2025



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