Information relating to the foreign taxation of investments

Our clients are responsible for familiarizing themselves with their tax obligations, both in Switzerland and abroad, as a function of their personal situation. However, we would draw your attention to specific requirements regarding nationals of certain countries residing in another country and the foreign ownership of investments in Switzerland.

USA

The USA reintroduced a federal estate tax (capped at 40%), which took effect with the 2011 fiscal year. This tax could apply to any person, regardless of their nationality, who owns US investments.

For "US persons" – i.e., persons residing in the USA and/or holding a US passport or green card – the federal estate tax is levied on the market value of all their worldwide assets at the date of their death, if that value exceeds a certain level (USD 12,920,000 in 2023).

For "non-US persons", the federal estate tax is levied on assets deemed to be located in the USA and owned by non-US persons on the date of their death, if the total market value of the assets exceeds USD 60,000. Assets include movable assets and real estate located in US territory and certain financial investments (regardless of where they are held) such as:

- shares in companies headquartered in the USA;
- bonds issued by US borrowers;
- units in USA-based investment funds.

Individuals residing outside the USA who are subject to this tax could find their estates taxed twice.

However, the USA has entered into tax agreements with a number of countries in order to mitigate the effects of double estate taxation. For Switzerland, an estate tax exemption of USD 12,920,000 (for 2023) may apply in proportion to the level of assets held in the USA.

UK

The UK applies similar rules in relation to inheritance tax. Registered equity securities issued by a UK-based company (regardless of where they are held) and owned by individuals residing outside the UK are subject to UK inheritance tax above a certain threshold (GBP 325,000 in 2023). Transfers between spouses and between registered partners are exempt.

The double taxation agreement between the UK and Switzerland relating to inheritance tax provides that equities issued by a UK-based company are also taxable in the UK.

France

On 17 June 2014, France withdrew from the double estate taxation agreement it signed with Switzerland on 31 December 1953. On 1 January 2015, France began applying domestic inheritance tax law.

As a result, French estate tax is levied on assets deemed to be located in France and held on the date of death. Assets include movable assets and real estate located in French territory as well as certain financial investments (regardless of where they are held), such as:

- shares in companies headquartered in France;
- bonds issued by French borrowers;
- units in French-based investment funds;
- French bank accounts.

Inheritances between spouses and between registered partners under Swiss law are exempt.

In other cases, the following exemptions apply:

- EUR 100,000, for an inheritance received by a child or ascendant;
- EUR 15,932, for an inheritance received by a sibling;
- EUR 7,967, for an inheritance received by a niece or nephew;
- EUR 1,594, for an inheritance received by a non-family member;

For a better understanding of the tax implications of foreign investments and of your tax obligations in particular, we suggest you consult a qualified tax advisor.

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