



RELIANCE TRUST

SWITZERLAND IMPORTANT CHANGES

Switzerland is a well-established democracy with a stable and reliable legal system. Recently a number of important changes have been discussed and some have already been implemented. This concerns amongst others the following subjects.

CORPORATE TAXATION (SA/AG – SARL/GMBH-BRANCH)

As from 2020, the Swiss dual corporate tax rate system has been abolished. Each canton has now one corporate tax rate applicable to all companies. This rate is in the range of 12 to 15 percent in most cantons. Special deductions for R&D are available.

ARBITRATION LAW

The Swiss Arbitration Law has been modernized, strengthening Switzerland's position as one of the attractive venues for hosting international arbitrations, both ad hoc and institutional. The arbitration solution provides parties the option to finalize disputes outside the courts, this is often much appreciated for privacy reasons.

Under the new law, international arbitration is possible if one of the parties to an arbitration agreement, at the time of the signature, has its domicile outside of Switzerland. This is also applicable to Trusts, wills and so forth. Under certain circumstances an arbitration award can be challenged, by asking the Swiss Supreme Court for a final decision.

SWISS TRUST LAW

Swiss based Trustees manage a large number of Trusts, governed by the laws of various jurisdictions. With the future introduction of Swiss Trust Law, it will be possible to settle a Trust, for estate planning and asset protection in Switzerland under the Swiss law.

By setting up a Trust under Swiss law, international and Swiss families will appreciate that this will allow them to benefit from Swiss arbitration law, Swiss Bilateral Investment Treaties (BIT) and get access to the Swiss courts, which have an excellent reputation.

SWISS TRUSTEE LICENSE

A new Financial Institution Act entered into force on 1 January 2020. This law regulates the functioning of professional Trustees that by the end of December 2022, need to obtain a professional license from the Swiss Financial Market Supervisory Authority (FINMA). To obtain the license, the professional Trustee will need to show:

- Capital adequacy covering a minimum of 25 percent of the fixed costs.
- Minimum professional insurance.
- Dedicated compliance organization.
- Qualified professional staff.

To ensure a strict adherence to the standards, there will be an annual audit, done by a Supervisory Organisation, which is on its turn supervised by the FINMA. This law will enhance the quality and professionalism of Swiss Trustees. It is to be noted that Reliance internal procedures have already been approved by FINMA and that we plan to be part of the first companies officially licensed in Switzerland.

SWISS PRIVATE TRUST COMPANY (PTC)

Clients appreciate the various on-shore aspects of the Swiss PTC. This includes the potential access to treaties, including BIT. When the Swiss PTC is jointly administrated with a licensed Trustee company, then it does not require a special license.

SWISS CHARITABLE FOUNDATIONS

Switzerland has over 13'000 charitable foundations with a Swiss or an international scope. These foundations, that pursue a charitable purpose, are exempt from tax, and donations they receive can be tax deductible for the donors. In the future, we will have a register maintaining a list of all the Swiss tax exempted foundations, which will be useful for donors.

Board members must carry out their activity on a voluntary basis and can in principle not be remunerated. Considering the responsibilities of the board members in today's world and the need to have good professionals on board, the discussion about being able to remunerate the board members is ongoing.

UBO REGISTERS

There are no changes in this area. Switzerland does not have a public UBO register.

SWISS BANKS AND LAW FIRMS

Clients continue to appreciate the Swiss banking environment. For many of them it is the preferred custodian. The Swiss Banks and Trustees enjoy the support of a large number of highly qualified local lawyers.

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Reliance Trust

ABOUT RELIANCE

Reliance Trust provides services to Private, Corporate and Philanthropy clients via its offices in Geneva and Luxembourg. The Company is on top of international developments and reporting obligations. This enables the Group to provide tailor-made solutions in line with international regulations. Reliance Trust does not provide any legal or tax services. Clients have the ability to select their own professional legal and tax advisors, or can be introduced to leading experts in this field.