

HOW TO BUY IN SWITZERLAND



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The residence permit

To buy a residential property in Switzerland you must be a Swiss resident and have a B or C residence permit. It is important to note that the B permit does not allow the purchase of several properties. In certain regions considered as tourist areas, it is possible to purchase certain properties reserved for foreigners without being residents, as these are considered as secondary residences. Before clients view any real estate, the broker must ensure that they meet these essential criteria.

Swiss national or foreigner with a residence permit (B/C)

Only a Swiss national or a foreigner with a residence permit B or C is entitled to have access to the main or secondary residence. However, the main residence must be inhabited for a minimum of six months per year, the secondary residence for at least three weeks per year. Foreigners who decide to buy land are strongly advised to build their house in the year following the purchase of the land.

Foreigner without residence permit

Authorization is required for the purchase of a secondary residence, which cannot be sold for five years. Non-resident aliens can only buy a single property with a maximum land area of 1,000 m² and a living space of 200 m². It is important to know that this regulation applies equally to children over 20 years of age outside their parents' tax household and who want to access the property. However, you can acquire more substantial land without any size restriction if you buy a new vacation residence. This is a new option offered by the Valaisan property market.

Construction Standards/Regulations

In order to preserve the charm of ski resorts, a new law known as Lex Weber limits the construction of secondary residences in the resorts. It is, however, possible to build a property that has already received a building permit and to renovate an existing property. If the renovation of a second home is located in an area that complies with the law, it will be possible to enlarge the property by 30%. It is possible to destroy the property but it will have to be rebuilt in the same place. When buying a new residence, it is compulsory to pay a deposit of 10%, then to pay 30% for the earthworks/foundation, 30% for installing the roof, and the remaining 30% for handover of the keys.

Financing

Brokers must ensure that their clients have the financial capacity to acquire property and refer them to professionals in the banking sector in order to study their file and find the best mortgage financing.

- Property below Sw. Fr 2,500,000: In terms of financing, for property below Sw. Fr 2,500,000, banks require 20% of equity capital, half of which must come from cash savings, the other half can be from a pension fund. The remaining 80% will be financed by the bank through a mortgage. Mortgage financing must not, however, exceed 33% of the income of the individual or the couple who commits to the purchase. The property must be depreciated at a minimum of 1% per year until the debt is only 66% of the value of the property.
- Property in excess of Sw. Fr 2,500,000: If the sale price is more than Sw. Fr 2,500,000, the bank may ask for additional equity capital up to 40%. It depends on the financial situation of the future purchaser.

There is absolutely no time constraint to pay for your home loan. It is necessary to pay bank interest rates every three months and a minimum of 1% annually on the total amount of the sale. For Swiss nationals and residents, 50% of the sale price must be paid before the age of 60. It is recommended that you talk to several banks to obtain an attractive rate.

The choice of notary

Once the financial situation has been validated and both parties have reached an agreement on the final sale price, a notary must be appointed by the purchaser to sign the deed of sale over time or finally. All sales in Switzerland are made through a notary. To reserve the property, a minimum amount of 10% of the sale price must be paid into the account of the Valais Association of Notaries who will keep the sum until the sale is finalized. The notary will prepare the deed of sale and propose a date for its signing. The remaining 90% of the sale price will have to be paid at the time of the signing or upon delivery of the property if it is under construction. Notary fees and registration fees represent approximately 5% and must be paid by the buyer. Upon receipt of the deed of sale signed by both parties, the Land Registry can then register it so that the buyer can legally become the new owner of the property. Notary fees, including transfer costs and other taxes, amount to approximately 5% of the sale price. A seller or buyer may be represented by a third party through a proxy.

THE VARIOUS CONTRACTS OF REAL ESTATE SALES

Real estate sales can take different forms

- a. The final sale: direct sale

- b. Promise of sale: pre-contract with a view to the conclusion of a future real estate sales contract. This is a deed signed when certain important contract information is not yet established.

- c. Forward sale: a sale in which the transfer of ownership and the payment of the sale price are deferred. This sale allows buyers to prepare their financing and sellers to plan their move.

PAYMENT

The buyer must pay a deposit to the notary before signing the deed of sale. The deposit generally represents 10% to 20% of the sale price. The balance will be payable on the day of signature of the final sale or on transfer of ownership in the case of a forward sale.

VAT

Swiss VAT is 8%.

REAL ESTATE AGENCY COMMISSIONS IN SWITZERLAND

Except in rare cases, the commission due to the agency is paid by the owner. The commission fee in Geneva generally amounts to 3% of the sale price + VAT. In Switzerland, it may vary according to the region. The percentage can amount to more or less depending on the contract signed with the owner.

TECHNICAL APPRAISAL

No appraisal is required for the sale of a property or an apartment in Switzerland.

IMPÔT SUR LA PLUS-VALUE

Owners who sell real estate located in the canton of Geneva are subject to capital gains tax. Inheritance transactions are not subject to this tax (the tax is deferred until the next taxable transaction, for example a sale).

The notary calculates the amount of the tax and deducts it from the sale price. If owners have sold their principal dwelling and intend to reinvest their profits within five years in the purchase of a new principal dwelling, they may benefit from the re-investment.

If the term of ownership is:

- less than 2 years: the rate is 50% of the sale price
- at least 2 years: the rate is 40% of the sale price
- at least 4 years: the rate is 30% of the selling price
- at least 6 years: the rate is 20% of the sale price
- at least 8 years: the rate is 15% of the sale price
- at least 10 years: the rate is 10% of the sale price
- at least 25 years: you are not taxable



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THE GREATEST TRANSACTIONS
ALWAYS BEAR THE SAME SIGNATURE



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