



SWISS FRIENDS OF OXFORD UNIVERSITY

LEAVING A LEGACY

1. **Cantonal Gifts Taxes**

Gifts to Oxford University or its Colleges by individuals resident for tax purposes in Switzerland will be subject to a cantonal gifts tax (unless they live in Canton Schwyz or Obwalden). This tax will apply both on gifts made during the donor's lifetime and as legacies. Certain reliefs can apply, depending on the canton, and in particular for lump sum tax payers, but the applicable rate of tax can be very high (see attached). For example, in Zurich this will be 36%. Gifts made to Swiss Friends of Oxford University will, however, not be subject to gifts tax since it is a recognised charity under Swiss law.

2. **What may be given**

Thanks to the special ruling that SFOU has with the Zug tax administration, the donor may leave a legacy either in money or in kind although special rules will apply to donations of overseas real estate.

3. **How to leave a gift in your Will**

Legacies need to be made in a will in accordance with Swiss law, if this is chosen as the applicable law. Foreign nationals may, in certain cases, choose an alternative law to apply. In each case, however, we would suggest the following as a clause:

I GIVE free of inheritance and gifts tax the following legacy:

To **SWISS FRIENDS OF OXFORD UNIVERSITY** of Baarerstrasse 98, 6302 Zug, Switzerland ("SFOU") [the sum of SWISS FRANCS (CHF)]* [the following property] to be used [as the SFOU board considers appropriate] [for the benefit of [insert name of college or University faculty]] in accordance with SFOU's articles of association.

Please note: *This document is for information only and does not constitute legal or other advice. It is only relevant for individuals resident for tax purposes in Switzerland.*

* The gift may be made in another currency; if so the legacy amount should be specified in that currency.

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Gifts and Inheritance Taxes by Canton

This schedule shows the amount of tax in percent of the value (reduced by the tax-free allowance) of a lifetime gift (gift/advancement) or of the inheritance. Where progressive rates apply, the minimum and the maximum are indicated. In some cantons, an estate tax or a municipal tax also applies. See also the case studies below.

| Canton | Gifts Tax (CHF) | | Inheritance Tax (CHF) |
|--|---|--|---|
| | Applicable rates, tax-free allowance and free limits ¹ | Repeat gifts ² | Applicable rates, tax-free allowance and free limits ¹ |
| Aargau | 12-32% 0 (2,000) | Yes, within 5 years -- | 12-32% 0(0) |
| Appenzell A. Rh | Max 32% 10,000 (2,000) | -- (linear tariff) Once only | Max 32% 5,000 (2,000) |
| Appenzell I. Rh | Max 20% 5,000 (5,000) | -- (linear tariff) Once only | Max 20% 5,000 (5,000) |
| Basel-Land | 30% 10,000 (0) | -- (linear tariff) Once only | 30% 10,000 (0) |
| Basel-Stadt | 22.5-49.5% 0 (10,000) | Yes -- (once only) | 22.5-49.5% 2,000 (0) |
| Berne | Max 40% 12,000 (0) | Yes, within 5 years Every 5 years | Max 40% 12,000 |
| Fribourg ^{4 (a)} | Max 22% 5,000 (0) | -- (linear tariff) Every 5 years | Max 22% 5,000 (0) |
| Geneva ^{4 (b)} | Max 26% 0 (5,000) | Yes, within 10 years Every 10 years | Max 26% 0 (500) |
| Glarus | Max 28.75% 10,000 (5,000) | Yes Once only | Max 28.75 10,000 (5,000) |
| Graubünden ^{4 (c)} | 10% 7,000 (0) | -- (linear tariff) Every 5 years | 10% 7,000 (0) |
| Jura ^{4 (d)} | Max 35% -- (10,000) | -- (linear tariff) -- (every 5 years) | Max 35% 0 (10,000) |
| Lucerne ^{4 (e)} | Tax-exempt -- (--) | Yes -- | Max 40% 0 (0) |
| Neuchatel ^{4 Error!} Reference source not found. | Max 45% 0 (10,000) | -- (linear tariff) -- (yearly) | Max 45% 0 (10,000) |
| Nidwalden | Max 15% 20,000 (0) | -- (linear tariff) Yearly | Max 15% 20,000 (0) |
| Obwalden | Tax exempt -- (--) | -- -- | Tax exempt -- (--) |
| St Gallen | Max 30% 10,000 (5,000) | -- (linear tariff) Once only | Max 30% 10,000 (5,000) |
| Schaffhausen | Max 40% 10,000 | Yes Once only | Max 40% 10,000 (0) |
| Solothurn ^{4 (f)} | 12-30% 14,100 (0) | No Yearly | 12-30% 0 (0) |

| | | | |
|-------------------------|-----------------------|------------------------------------|-----------------------|
| Schwyz | Tax exempt -- (--) | -- -- | Tax exempt -- (--) |
| Thurgau | Max 28% 0 (5,000) | Yes Once only | Max 28% 0 (5,000) |
| Ticino ^{4 (g)} | Max 41% 0 (0) | Yes -- | Max 41% 0 (0) |
| Uri | Max 24% 15,000 (0) | -- (linear tariff) Yearly | Max 24% 15,000 (0) |
| Vaud ^{4 (h)} | Max 25% 0 (10,000) | Yes -- (yearly) | Max 25% 0 (10,000) |
| Valais | Max 25% 0 (20,000) | Yes, within calendar year -- | Max 25% 0 (10,000) |
| Zug | Max 20% 0 (5,000) | Yes -- | Max 20% 0 (5,000) |
| Zurich | Max 36% 50,000 (0) | Yes Once only | Max 36% 0 (5,000) |

Notes:

1. Tax-free Allowance and Free Limits

Tax-free allowance means that only the portion of the donation or inheritance exceeding this amount is taxable. This is not the same as “free limits”, which are not taxed in some cantons under certain conditions or up to specific maximum amounts (amounts in brackets).

2. Repeat gifts

Cantonal laws on inheritance taxes and gift taxes contain provisions in the event that a beneficiary receives repeat gifts from the same donor. This also applies if a beneficiary subsequently inherits from the donor.

* The first line shows where the gifts are subject to tax progression: The tax rate applies to the total of all gifts to date. As tariffs are on a sliding scale, a higher tax rate will thus usually apply. This is irrelevant in cantons with linear tariffs.

** The second line shows the entitlement to the tax-free allowance: as a rule, the recipient can only claim the tax-free allowance for the first gift. In some cantons, however, the tax-free allowance can be claimed again after a certain period of time has elapsed.

3. General Notes

- In Switzerland, the cantons are entitled to levy inheritance taxes and gift taxes. The federal government does not levy any inheritance taxes or gift taxes.
- Tax liability rests with the recipient of the donation or legacy, and with each heir for his/her share of the inheritance but the donor and all heirs are jointly and severally liable for the tax. The inheritance tax is generally billed to the heirs' representative as a single amount.
- When assessing liability for inheritance tax, the last domicile of the testator generally applies. In the case of gifts and advancements, the domicile of the donor applies (except in the event of land ownership).

- If land is owned by the donor/testator, the canton in which the property is located is entitled to levy tax on it. Where more than one canton is involved, to avoid double taxation, the total tax amount is split between the entitled cantons in proportion to the location of the aggregate assets in the estate.
- Where more than one country is involved, tax sovereignty with regard to land rests in principle with the country in which the estate is located. For more precise information, the laws of the country concerned and (if applicable) the related double taxation agreement must be consulted.
- Generally, gifts are subject to the same taxation principles as inheritance. In the event of subsequent inheritance from the donor, lifetime gifts will usually be taken into account in calculating the tax rate and the tax-free allowance (see note 2 above).
- Some cantons (e.g. AR, BE, BL, FR, GL, GR, NW, SG, TG, VD, ZH) grant tax relief on gifts of going concerns.

4. Specific Cantonal rules

- (a) The listed tax rates relate solely to cantonal tax. Some municipalities additionally levy a municipal tax. This can be up to 70% of the cantonal tax.
- (b) Not applicable if testator or donor is subject to a lump sum taxation (“forfait”). In such cases, the tax rate is between 2% and 12% but this is subject to a multiplier - 110% for 2017.
- (c) The tax rates listed relate solely to the cantonal gift tax and to the cantonal estate duty. Some municipalities additionally levy a municipal gift tax/inheritance tax.
- (d) Not applicable if testator or donor is subject to lump sum taxation (“forfait”). In this case, the tax rate is 3.5%.
- (e) No tax at cantonal level. However, every municipality can levy a descendants’ inheritance tax which amounts to a maximum of 2%. In addition, gifts made less than 5 years prior to death are subject to inheritance tax.
- (f) Per estate, an (additional) 8–12% estate tax is payable.
- (g) Per estate, bank/savings balances up to CHF 50,000 are tax-exempt.
- (h) The listed tax rates relate solely to cantonal tax. Many municipalities additionally levy a municipal tax equal to 100% of the cantonal tax but a reduced rate may apply to lump sum tax payers on *inter vivos* gifts.

Case Studies

The case studies below assume that any donation or legacy under a will, is executed in accordance with its terms and does not take into account any constraints arising from compulsory shares imposed by the applicable law of the will. In each case SFOU will follow the donor's wishes as to the college or university beneficiary, if given in writing in the will or in a letter with the will as long as this is in accordance with the Association's statutes and regulations.

The relief from gifts tax will not apply where the donor is resident in a canton which has no such tax (e.g. canton Schwyz) and the tax deductibility of any donations during the lifetime of the donor will not apply if the donor is taxed under a lump sum taxation regime.

A. Donor leaves a residual gift 25% of estate to SFOU

1. Executor or other estate administrator contacts SFOU, nominates the Oxford beneficiary.
2. SFOU board accepts gift subject to provenance check
3. Executor calculates the amount payable and converts assets into cash
4. Funds transferred to SFOU;
5. SFOU provides receipt to executor who then declares gift as charitable so not subject to cantonal gifts tax
6. SFOU contacts nominated beneficiary and identifies a capital project for which the donation may be used
7. SFOU hands funds on the nominated beneficiary

Accordingly gift free of all Swiss gifts tax.

B. Pecuniary gift CHF 250,000

As A. but excluding step 3 assuming it is a gift under a will. The same applies if the gift is made by the donor, or via any trust where he is the settlor, during the lifetime of the donor. In addition, unless he is subject to a lump sum taxation regime, the donor may be able to offset the gift against his taxable income in any year up to a maximum prescribed by the canton in which he is resident (often 20%).

C. Gift in kind e.g.: piece of art.

As A. except for step 3 where SFOU will arrange for an independent valuation (at the cost of the donor), instead of step 4, the asset will be transferred directly to the beneficiary and the receipt under step 5 will reflect the valuation figure.