



The taxation of management companies in the canton of Lucerne (Domiciliary companies)

Term

Management companies are enterprises that only carry out management activities in Switzerland, but no business activities. Mere domiciliary companies are **not allowed** to maintain **their own personnel** or **their own offices** in Switzerland.

1. Subjective taxation requirements

All corporations, associations or foundations can be taxed as management companies.

2. Objective taxation requirements

With regard to the business purpose, there are no restrictions. Domiciliary companies are not allowed to carry out business activities in Switzerland and trade profits from Switzerland are not permissible. For these cases, the site of action is definitive. For services, the place of preparation is definitive; as a rule, 80% of the preparation have to be situated abroad.

Traded goods may not be brought to Switzerland. An intermediate storage in a duty free bonded warehouse is permissible.





3. Assessment and taxation rate

3.1. Profits tax

Returns from interests (if qualified) are exempt from taxes.

Returns from Switzerland are regularly taxed. This comprises a.o.:

- Returns or capital profits from domestic real estate.
- Returns or capital profits from securities of Swiss debtors.
- Compensation money from domestic affiliated companies for carrying out auxiliary functions and for licence revenues from Swiss sources.
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- Returns benefiting from DBA (e.g. interests and license fees), for which taxation in Switzerland is assumed.

Revenues from abroad will be taxed according to the significance of the management or business activities in Switzerland. The following parameters are used:

- No taxation

If there are no personnel or infrastructural expenses in Switzerland, no business activities in Switzerland and management expenses are less than CHF 750,000, no taxation will be implemented for foreign returns.





- Reduced taxation

If there are personnel and management expenses in Switzerland, taxation will be implemented as follows:

Expenses < CHF 750,000	fixed tax	1.50 %
Expenses between CHF 750,000 – CHF 5,000,000		

This tax is determined according to the relation of the personnel and management expenses in % of the returns. This is calculated as follows:

< 3.00 %	fixed tax 1.50 %
3.01 % - 10 %	fixed tax 2.25 %
> 10 %	fixed tax 3.00 %
Expenses < CHF 5,000,000 fixed tax 3.00 %	

To this, the direct federal tax of 8.5% of the taxable profit is added, which is levied by the canton by order of the federation. In case the corporation disposes of qualified interests, the tax on profit is reduced within the scope of the dividend exemption ("Beteiligungsabzug").





3.2. Capital tax

The domiciliary and management companies pay a fixed tax of 0.01‰ of their taxable equity, but at least CHF 500.-.

The federation does not raise any tax on capital.

Source: www.steuern.lu.ch

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