



## Taxation of Holding Companies in the Canton of Lucerne

### Terminology

Holding Companies are companies with the main purpose of permanently administering investments and participations in other companies. A Holding Company does not have business activities.

#### 1. Subjective Taxation Requirements

Any type of Company qualifies for the holding privilege.

#### 2. Objective Taxation Requirements

- 2.1. Companies whose business purpose is exclusively or predominantly to invest in other companies.
- 2.2. The investments or the return of the investments have to be at least 2/3 of the assets or income of the Holding Company.
- 2.3. If the minimum requirements are not fulfilled with the book values, the holding company may prove the minimum requirements with current market prices.





2.4. Property is allowed, but it should be a subordinated business activity of the Holding Company. Property should not affect the „2/3 rule“. Income from real estate will be taxed at an ordinary rate.

2.5. Allowed business activities for Holding Companies

- Administration of own assets
- Financing affiliated companies
- Management of affiliated companies
- Holding brands and patents, as long as the company's purpose is not only the holding of licenses and patents.

Trading with securities will be treated as a business activity and is not allowed for a Holding Company. However, management of assets is allowed, as long as it does not affect the holding character of the company.

### **3. Basis of assessment and taxable amount**

#### **3.1. Income Tax**

As long as the company does not own property, the company will not be taxed on the income on a cantonal basis. Income from property will be taxed on a regular rate in the Canton of Lucerne.

Due to the participation exemption, a pure Holding Company will not be taxable on the income on a federal basis.





### 3.2. Capital tax

A holding company will pay a cantonal flat rate tax of 0.01 ‰ of the equity of the company. This tax will be at least CHF 500.--. There is no capital tax on a federal basis.

Source: [www.steuern.lu.ch](http://www.steuern.lu.ch)

*The information contained herein is general in nature and is not intended to constitute financial, tax or legal advice. Whilst all efforts have been used to present the information accurately, we make no representations and provide no warranties to that effect or to its reliability. Readers must obtain their own independent advice. This publication may be reproduced, provided the source is quoted.*

