

The Bilateral Agreements and a Change of Domicile EU – Switzerland

The Bilateral Agreements between the European Union and Switzerland that came into force on June 1, 2002 facilitate the change of domicile for EU citizens to Switzerland.

First of all, EU citizens who want to enter Switzerland need a passport or an identity card. While a tourist may stay up to three months without a break or up to six months intermittently in one calendar year, people who want to work need a work permit and a residence permit. There are certain exceptions, e.g. for journalists.

The number of work permits in Switzerland is limited. Each year the cantons obtain a certain number from the federal authorities. Foreigners from EU and EFTA countries are given preference. The procedure is difficult and chances to get a permit improve if it can be shown that there is no Swiss citizen able and willing to take the particular job an applicant wants. Chances are good for specialists and managers in large international companies. The whole procedure usually takes six to eight weeks. Consulting a legal expert is advisable.

EU citizens may obtain a residence permit if they do not plan to work but come to Switzerland as pensioners. They have to be over 55, must have close ties to Switzerland, move the center of their life here and have the necessary financial resources. High net worth individuals may also fall into this category, particularly if they only manage their own assets and if this activity is neither commercial nor speculative. A permanent domicile permit may be obtained after several years.

What changes do the Bilateral Agreements between the European Union and Switzerland bring about for EU citizens who would like to move to Switzerland? The Agreements will introduce the free movement of people to work and live in Switzerland. However, this will happen in several stages. The freedom of movement will include paid workers, self-employed and retired persons as well as the right of residence.

The free movement of people means that it will be possible to freely choose the place of work and domicile or residence. The goal is equality for natural persons and corporations. High net worth individuals can now also work as self-employed consultants abroad and not just as employees of (their own) company.

However, the free movement of people will only be implemented 100% after a transitional period of twelve years. Since June 1, 2002, EU citizens benefit from improved entry regulations to Switzerland but the number of work permits is still limited – though more generously than before. After six years, complete freedom of movement will be introduced on a trial basis. Limits on work permits can then only be reintroduced based on a special protection clause.

For non-employed EU citizens, June 1, 2002 means that they can definitely enter Switzerland and live here with fewer restrictions. They just have to prove that they have the necessary financial means and local health insurance coverage. Having a close connection to Switzerland is no longer required. A residence permit is granted for at least five years.

The naturalization rules did not change on June 1, 2002. It is still necessary to have lived in Switzerland for at least twelve years before it is possible to apply for naturalization. Applicants for naturalization must be integrated in the country, they must be familiar with Swiss habits, customs and traditions, they must abide by the Swiss legal system and they must not threaten the country's internal or external security.

Each canton and county can add additional requirements like a minimum number of years of residence in the canton, knowledge of the canton's official language and payment of a naturalization tax of up to 75,000 francs (in the Canton of Geneva).

Basically, foreigners can only purchase real estate in Switzerland under tight restrictions. As long as one does not have a residence permit one is considered a foreigner and subject to the Lex Friedrich. However, foreigners do not need a permit to buy a house or an apartment if they are natural persons and if the property will serve them as their principal residence.

The agreement between the European Union and Switzerland about the free movement of people makes it much easier for EU citizens to purchase real estate in Switzerland if they move their principal residence here. For all practical purposes they can buy a house or an apartment like Swiss citizens. But even in the case of a secondary domicile it is much easier now with the Bilateral Agreements in force for a EU citizen to purchase a home in Switzerland. ■

The Bilateral Agreements between the European Union and Switzerland that came into force on June 1, 2002, will bring both sides substantial improvements.