Relocating from Switzerland to Singapore

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A founder who moves from Zug to Singapore faces a sequence of questions on each side. On the Swiss side, residence ends when the founder gives up his Swiss domicile and the cantonal tax office accepts the departure. Swiss tax liability for the year is apportioned to the date of departure. Switzerland imposes no exit tax on private individuals, so unrealised token gains are not taxed on leaving. The Swiss wealth tax ends with the departure. A founder who held his tokens as private wealth leaves with no Swiss tax on them. A founder who was classed as a professional trader has his final-year trading income assessed and his social security contributions settled.[1] Shares in a Swiss company held by the departing founder remain subject to Swiss withholding tax on dividends, with treaty relief under the DTA (Chapter IX of this Part).

On the Singapore side the founder becomes resident from arrival under the administrative concessions if he stays more than 183 days across the two years. His tokens acquired before arrival have a cost base equal to their original cost, because Singapore has no step-up on arrival, but that is irrelevant if he is an investor and never taxed on the gain. If he is a trader, IRAS taxes the gains realised after arrival on the full difference between proceeds and original cost, which can include appreciation that occurred while he was Swiss-resident. The way to avoid double counting is to realise the trading book before departure, which Switzerland does not tax if the founder was a private investor and does tax if he was a professional trader. The sequence of realisation is therefore planned around the Swiss classification.

Cross-border perspective

A founder leaving Zug for Singapore should ask the cantonal tax office for a ruling on his status as private investor before departure. He should realise or rebalance in the final Swiss year while the ruling protects him and document the token values at the departure date. He should arrive in Singapore with a clean separation between long-term holdings and any trading book. The Singapore Employment Pass or ONE Pass application should be filed before departure so that residence in Singapore begins without a gap. A gap produces a period of no residence anywhere during which neither treaty protects him and his bank will ask uncomfortable questions.

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Notes

1. Direct Federal Tax Act (DFTA; DBG), SR 642.11, Art. 8 para. 2 (end of tax liability on departure) and Art. 16 para. 3 (exemption of private capital gains). Switzerland has no general exit tax for individuals.

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