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UNITED KINGDOM'S EXIT FROM THE EU: CONSEQUENCES FOR SWITZERLAND

Source: www.sem.admin.ch – United Kingdom
www.sem.admin.ch/sem/en/home/themen/arbeit/uk/faq.html
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The United Kingdom (UK) left the European Union (EU) on 31 January 2020. In the withdrawal agreement, both parties agreed on a transition period until 31 December 2020. This meant that the existing bilateral agreements between Switzerland and the EU remained in force with respect to the United Kingdom until 31 December 2020.

The Agreement on the Free Movement of Persons (AFMP) between Switzerland and the EU no longer applies with the UK from **1 January 2021**. **From this date, UK nationals are no longer EU/EFTA nationals, but are considered third country nationals.**

1. UK nationals residing in Switzerland prior to 1 January 2021: acquired rights

Switzerland and the UK signed an agreement on 25 February 2019 on the acquired rights of their citizens. The agreement has been applicable since 1 January 2021 and allows Swiss and UK nationals to keep the rights they acquired up to 31 December 2020 based on the AFMP. Family reunification also remains possible after this date.

UK nationals coming to live and work in Switzerland after 31 December 2020 are not covered by the agreement on acquired rights (see below).

Further information on UK nationals who have acquired rights based on the AFMP is available at: [UK nationals with acquired rights](#).

2. UK nationals entering Switzerland from 1 January 2021 for the first time: employment

UK nationals coming to Switzerland to work **from 1 January 2021 are third country nationals**. They must apply for a permit from the [cantonal immigration and labour market authorities](#) prior to taking up employment. The admission requirements are governed by the [Foreign Nationals and Integration Act \(FNIA\)](#). They are subject to the very same admission requirements set out in the FNIA as all other persons from third countries.

This means that from 1 January 2021 only essential managers and specialists from the UK will be admitted to work here, if this is in the overall economic interests of Switzerland. Persons with specialist professional knowledge or skills may be admitted if it can be shown that these skills are required. Swiss residents and EU/EFTA nationals are given preference, and the salary and work conditions standard for the location, profession or sector must be observed.

Separate temporary quotas: on 25 November 2020 the Federal Council, set the temporary 2021 quota for **UK nationals** coming to Switzerland as employees or service providers for over four months at 3,500: 2,100 residence permits and 1,400 short-stay permits. The separate quotas are released quarterly and are handled by the cantons.

3. UK nationals entering Switzerland as from 01.01.2021 without lucrative activity (retirement, pension):

Under the Foreign Nationals and Integration Act ([FNIA](#)), a foreign national not employed in Switzerland can be granted a residence permit provided **all** of the following conditions are met:

- (i) he or she is aged 55 or over,
- (ii) has personal relations with Switzerland (*meaning family reunification*)
- (iii) and has the required financial means ([Art. 28 FNIA](#) and Art. 25 ASEO, in [German](#), [French](#) and [Italian](#) – not available in English). These conditions are specified in the Guidelines *Directives I. Domaine des étrangers* (section 5.3, in [German](#), [French](#) and [Italian](#) – not available in English).

In case one or more of above conditions are not met, a third state national has the possibility to apply under article 30 FNIA as “of important public interest” . Article 32 of the ASEO specifies under lett c “being of considerable interest for the Canton from a fiscal point of view”.

Canton Ticino has quantified the considerable interest for the Canton from a tax point of view assessing a minimum annual taxable income basis of CHF 750'000 plus wealth tax.

Usually third state nationals without lucrative activity chose the special tax regime called “lump sum taxation”.

A UK national planning to migrate to Canton Ticino and residing for example in Lugano from 01.01.2021 onwards as lump sum tax payer will be confronted with a minimum yearly tax burden of CHF 287'000 respectively CHF 280'000 for married couples.

The application for a residence permit must be addressed to the immigration service of the canton in which the retired person intends to reside.

You will find more details on ordinary and lump sum taxation as well as immigration principles for third state nationals on our homepage, section *News & Facts*.

For further information on the above, please do not hesitate to contact us

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