

Private vs. Corporate Property Ownership: Key Considerations for Swiss Landlords.

Noah Gsponer & Thomas Hilpert, February 2026

The recently approved change in the property taxation system will result in future tax relief for many home owners. However, in the case of investment properties held as private assets, the tax burden may increase significantly in individual cases, noticeably reducing returns. For this reason, it is increasingly being recommended to consider transferring investment properties to a company. This article outlines who may benefit from taking this step and which aspects need to be taken into account.

Tax implications

Although private landlords were not the primary target of the legislative reform, the change in the tax system also has fiscal consequences for them. Unlike owner-occupiers, there is no abolition of imputed rental value in this case. Rental income therefore remains taxable as ordinary income. In principle, maintenance costs for rented and leased properties remain deductible. However, the deductibility of investments aimed at energy efficiency and environmental protection is restricted. At the federal level, these deductions are eliminated entirely. The cantons, however, may continue to allow deductions for demolition costs

as well as for investments that serve energy efficiency and environmental protection purposes. It can be assumed that the majority of cantons will continue to permit these deductions even after the system change. As a result, the additional tax burden in this area is expected to remain limited. By contrast, the consequences of the new rules governing the deduction of debt interest may be significantly more severe.¹



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The tax implications depend essentially on two factors: the level of indebtedness and the proportion of rented properties in total assets. Property owners who are particularly affected are those with predominantly debt-financed investment properties where the share of rented properties in total assets is low.

In such situations, the proportionate cap on the deduction of debt interest is very low. As a result, a large portion of the interest actually paid can no longer be deducted for tax purposes.² Property owners with little or no external financing are largely unaffected by this issue.

¹ [Federal Act on the Change in the System of Taxation of Residential Property](#)

² See also our article dated 25 September 2025, which describes how the deduction is calculated

Swiss housing market

As the chart below shows, around 43% of all rental apartments in Switzerland were owned by private individuals in 2024. In cantons such as Valais and Ticino, this share is even higher, exceeding two thirds. At the same time, however, it is evident that the share of privately owned rental apartments has been declining since the early 2000s. Whereas private individuals still held a clear majority of rental apartments at that time, their share has steadily decreased over the past two decades in favour of real estate companies, institutional investors and other public-sector actors.

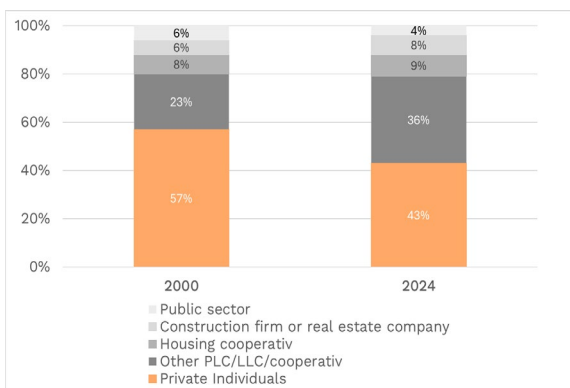


Fig. 1: Share of rental apartments by type of owner (source: Federal Statistical Office)

This structural shift points to an increasing professionalization and institutionalization of the rental housing market. Nevertheless, private owners continue to play an important role in the Swiss housing market. They often let properties on a long-term basis, are regionally rooted, and contribute significantly to the diversity of housing supply. In many cases, letting activity is carried out as a secondary source of income or as part of retirement planning. Even today, many private landlords operate with narrow margins. The restricted deductibility of interest expenses can in some cases lead to a marked deterioration in after-tax net returns

on debt-financed properties. In such cases, a structural adjustment may be advisable. One of the most frequently discussed options is the transfer of the property to a company. However, a property cannot simply be “shifted” from a private individual to a company. Even if the same person remains behind the structure economically, private individuals and companies are legally two separate entities.

Transfer of the property

The transfer of a property from private assets to a company is classified as a sale for tax purposes. The decisive factor is not that the same person continues to be behind the company in economic terms, but that a change of ownership occurs for tax purposes. A private individual and a company are regarded as two separate legal entities, which is why the transfer is treated as a sale to a third party.

When the property is transferred, it is usually valued at market value. Under certain circumstances, the authorities may allow a tax-neutral transfer. However, the (tax) value applied cannot be lower than the mortgages encumbering the property, and the tax-neutral transfer only has a deferral effect in addition to lower transaction costs. From an accounting perspective, this approach is also not without drawbacks. In the majority of cases, any hidden reserves are therefore realized and form the basis for real estate capital gains tax. The amount of this tax depends on the difference between the acquisition costs and the market value, as well as on the holding period, and can be substantial depending on the canton. Given the low cash flows generated from letting, a transfer triggering real estate capital gains tax is hardly feasible for most private landlords without raising liquidity through an increase in borrowing. In addition, individuals who engage

in frequent property transactions in particular should assess whether there is a risk of being classified as professional real estate dealers.³ Such a classification may result in a significantly higher tax burden and additional social security contributions.

Funding prospects

From a financing perspective, several aspects must also be taken into account. Existing mortgages cannot be transferred automatically. Mortgage agreements are personal in nature and tied to the creditworthiness of the previous borrower. From the bank's perspective, the change of ownership eliminates the existing credit basis, which is why the financing must generally be reassessed. In individual cases, the transfer of existing mortgages may be possible, for example if the same bank is willing to transfer the financing to the new property company under identical or adjusted terms. However, this requires a full reassessment of affordability at the level of the company. In assessing affordability, banks rely exclusively on the rental income generated by the property, unless the private individual provides joint and several liability. Accordingly, the property must be self-sustaining. In popular regions such as Zurich or Geneva, where property prices are high and yields are low, it is often difficult to meet banks' stringent affordability requirements.

Another aspect to consider is the contribution of equity. This is typically made in the form of paid-in share capital or nominal capital, as well as shareholder loans. The latter are often recognized by banks as equity-like only if they are

subordinated. The specific structuring is decisive for the loan-to-value limit and the credit decision.

Finally, the timing must be taken into account. The financing of the acquisition must be secured before completion of the transfer. Especially in the case of newly established companies, close coordination between tax planning, corporate structure and financing is essential in order to avoid delays or the need for interim financing.

Company advantages

At first glance, transferring an investment property to a company appears complex and costly. In certain situations, however, these hurdles can be offset by long-term advantages. One key advantage lies in the tax treatment of financing: within a company, debt interest is fully deductible as a business expense, which leads to a more stable tax burden, particularly in cases of high external financing. In addition, property companies can record depreciation and thereby reduce taxable profit without any actual outflow of liquidity. From a strategic perspective, the corporate structure also offers advantages, such as the clear separation of private and business assets.

A frequently underestimated advantage becomes particularly apparent in the context of inheritance. While properties held as private assets pass directly into the estate upon death and often give rise to complex valuation and distribution issues, holding real estate through a company allows for a much clearer structure. What is inherited are not individual properties,

³ BGE 125 II 113: Federal Supreme Court ruling on the distinction between private asset management and commercial property trading

but company shares, which significantly simplifies succession planning. Especially in the case of multiple properties or family-internal succession arrangements, the corporate form can help to avoid conflicts and ensure the long-term continuity of the property portfolio.

Alternative

We nevertheless assume that many property owners will choose not to pursue the route of establishing a property company and will instead decide to sell their property in the medium term. In addition to the already tight margins, private property management is becoming increasingly demanding due to growing bureaucracy. The tax adjustment could provide the final argument for many property owners to dispose of their property in the medium term. The typical buyers are then likely to be predominantly professional property companies, which in practice often succeed in achieving significantly higher rents.

In our view, the legislator was not aware that this adjustment would disadvantage private landlords in favor of professional property companies. There is hardly any discernible political or social-policy rationale for this outcome. At the same time, it is becoming apparent that the new system may also lead to undesirable side effects in other areas, for example for entrepreneurs who are required to take on private debt in the context of buy-outs or business successions. It therefore cannot be ruled out that, in the course of implementing the new regulatory framework, certain particularly problematic elements will be corrected through political or regulatory intervention.

Conclusion

The developments outlined above show that private landlords are already operating in a challenging environment. In particular, for debt-financed investment properties, economic pressure will increase further as a result of the upcoming system change. If no material corrections are made during the implementation phase, property owners will need to take action.

In this context, transferring a property to a company may be a sensible step, especially if the property is intended to be held long term or passed on within the family. At present, we do not recommend taking hasty action, but rather thorough preparation. Many appropriate measures require lead time, particularly where tax rulings or inheritance-law issues are involved. Existing financing arrangements must also be aligned with the target structure; rapid adjustments are often either not possible or very costly. Expert advice from tax and financing specialists can help to ensure a successful transition and to stabilize the tax position over the long term.

Hyrock is an independent mortgage and real estate expert for discerning private and institutional clients in Switzerland with offices in Zurich, Schindellegi and Geneva. In 2025, Hyrock realized a total of over CHF 868 million in financing solutions for its clients with an average loan amount of CHF 5.9 million per transaction. CHF 520 million of these were mezzanine and bridge loans. www.hyrock.ch