

NEWSLETTER

Author:

Alev Ibis

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B.A. in Business Administration
Tax & Mobility Specialist

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(English machine translation provided as courtesy)

New structuring options for pillar 3a

Dear Sir or Madam

On 06.11.2024, the Federal Council decided that contributions/partial contributions to pillar 3a can in future also be made retrospectively in the form of purchases. This change came into force on 01.01.2025.

What exactly will change from the 2025 tax year?

Nothing for the time being: pension gaps in pillar 3a that arise from 2025 onwards can be compensated in subsequent years. Additional payments can be made retroactively for up to ten years, provided that proof of income subject to AHV contributions in Switzerland can be provided for the years in question. Purchases can be made for the first time in the 2026 tax year for the year 2025 and the amount is based on the so-called "small contribution" for the respective year for which you wish to make retroactive payments. These retroactive purchases are fully deductible from taxable income.

However, as with ordinary annual contributions, the following must be observed:

- Income subject to AHV contributions must be available both in the year of purchase and in the year for which contributions are paid in arrears.
- In the year in which the purchase is made, the maximum amount must first be paid in full.
- A maximum of one purchase is permitted to cover an annual contribution gap. However, one purchase can cover several annual contribution gaps.
- A corresponding written application must be submitted to the relevant pension fund.
- Gaps from the years prior to 01.01.2025 can no longer be compensated/purchased.

Example

Tax year 2025

- Maximum amount CHF 7,258, only CHF 3,758 was actually paid in, shortfall CHF 3,500

Tax year 2026

- Maximum amount CHF 7,258, this must first be paid in full
- Subsequent purchase for tax year 2025 CHF 3,500
- Total deductible contribution in 2026: CHF 10,758
- Tax savings in 2026 (depending on income) of up to approx. CHF 3,900

After parliament called for more generous regulations with retroactive back payments far into the past and also for years without income, the Federal Council - probably with a view to the strained federal finances - opted for a very restrictive and, with the prior approval of the pension foundation, also bureaucratically complex regulation. The extent to which this will be used in practice remains to be seen.

How high are the maximum deductions in 2025?

As the AHV/BVG limits have been adjusted for 2025, the maximum amounts for pillar 3a have also increased: For employees and self-employed persons with a pension fund now CHF 7,258 (previously CHF 7,056).

For self-employed persons without a pension fund, the new maximum amount is CHF 36,288, but not more than 20% of income.

The contributions paid in can be deducted annually from taxable income in the tax return.

The structure and function of pension provision in Switzerland is complex. On the one hand, it consists of three pillars; on the other hand, they have different tasks and are financed and managed differently. If you have any questions or uncertainties regarding your tax optimization options, the tax advisors at artax will be happy to help you.

Best regards

artax Fide Consult AG

Gartenstrasse 95, Postfach, 4002 Basel

Tel: +41 61 225 66 66

info@artax.ch, www.artax.ch

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