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### Brexit benefit for UK citizens

Dear Ladies and Gentlemen,

As of 1 January 2021, Switzerland's relations with the United Kingdom (UK) are governed by new bilateral agreements. As Swiss-UK relations in key areas were based on the bilateral agreements between Switzerland and the European Union, these no longer apply. So far there are the following seven new agreements

- [Agreement on Scheduled Air Services](#)
- [Agreement on the International Carriage of Passengers and Goods by Road](#)
- [Agreement on Direct Insurance other than Life Insurance](#)
- [Agreement on Trade](#)
- [Agreement on Citizens' Rights](#)
- [Service Mobility Agreement](#)
- [Police Co-Operation Agreement](#)

Further agreements will be necessary, because from 1 January 2021 onwards, British nationals will no longer be able to benefit from the agreement on the free movement of persons (AFMP). As long as no new agreement is found to replace the AFMP, they will be subject to the [Foreign Nationals and Integration Act \(FNIA\)](#). In other words, they will no longer automatically have the right to work, or even to live, in Switzerland. They or their employer will have to apply to the cantonal authorities in advance for a work permit.

In February 2019 an agreement was signed on citizens acquired rights. Under this agreement, both Swiss nationals in the UK and UK nationals in Switzerland who had acquired rights under the AFMP (such as residency rights) will retain these rights after Brexit. They include the right to:

- residency with gainful activity (employees and self-employed workers),
- residency without gainful activity,
- family reunification,
- gainful activity in Switzerland as a cross-border worker,
- ongoing cross-border service provision (up to 90 days per calendar year) in the other country, for self-employed workers and businesses based in Switzerland or the UK, so long as the provision began before 31 December 2020,
- freedom from discrimination,
- property ownership in Switzerland

New UK migrants to Switzerland will have to apply for residence permits via a quota system, the quota will be 3'500 in total (2'100 B permits and 1'400 L permits per year, including workers posted to Switzerland for more than 120 days). As third-country nationals they will only be admitted, if the position cannot be filled on the local or EU/EFTA labour markets. There will be certain exceptions for executives and specialists (if it serves Switzerland's economic interests), trainees, doctoral and post-doctoral students and workers qualifying for family reunification.

So life in Switzerland will generally become more complicated for UK citizens. The agreement on citizens acquired rights wants to make this easier and protects the UK citizens already in Switzerland before end of 2020. But this agreement is not applicable to the lump sum capital pay-out of pension funds, so from 1.1.2021 onwards the full amount of the pension fund can be paid out, instead of only the over-compulsory part as so far. So at least at the moment the Brexit gives UK citizens leaving Switzerland more liberty.

In combination with the existing double taxation treaty between Switzerland and the UK it is now possible to withdraw the whole amount of the Swiss pension money very tax effectively if you are leaving Switzerland permanently.

Sound knowledge and substantial experience are the basic requirements to be able to give appropriate advice regarding international relationships to achieve optimal tax results. Since 2009 artax has been a member of Morison KSi, an international association of accountant and tax advisors, and through it maintains substantial cross-border consultancy activity. With this experience we can ensure that you can fully enjoy this Brexit benefit.

Kind regards  
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