

# NEWSLETTER

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(English machine translation provided as courtesy)

## Giving money instead of gift vouchers

Dear Ladies and Gentlemen

Christmas is just around the corner and Christmas is also a time for giving. The question of what to give is obvious. Perhaps a tie (Loriot!). Gifts in kind are popular for children and family members alike. However, it is not always the right thing, as the many exchanges in January show.

Gifts of money are practical, as the recipient can use them to buy whatever they want. The reluctance to give gifts of money leads to the alternative of gift vouchers. Almost all retail outlets offer gift vouchers. The management of gift vouchers is attractive for every company. The purchase of a gift voucher generates revenue immediately and the service does not have to be provided until later. This increases liquidity without financial costs. The vouchers usually have an expiry period of one to two years. All purchased and donated vouchers are never redeemed, which regularly leads to profits. This increases profits without effort.

Gifts of money are therefore recommended instead of gift vouchers. As a substitute, you could put a banknote in an envelope and write "Voucher from the Swiss National Bank" on it. Then you have a gift voucher after all. Banknotes have almost no expiry date. Banknotes up to series 6 can still be exchanged at the SNB today. The earlier series (1st to 3rd BNS, as well as the 5th BNS) were recalled earlier and can no longer be exchanged at the Swiss National Bank. In 2022, the average number of banknotes in circulation was 538 million, worth around CHF 87 billion (source: SNB).

The value of the banknote is determined by the belief in the currency. While gold parities still existed in the past, today's currency is purely synthetic. As at 30 September 2023, the Swiss National Bank had equity of CHF 93 billion and debt of CHF 754 billion. Its equity ratio is 8%.

The invention of money was a key pillar in the economic development of mankind. It replaced bartering with money. Today, other values enrich the bouquet of currencies: Shares, bonds, options, etc. Cryptocurrencies are the current highlight. A Bitcoin is a mathematical singularity with no tangible value. Many believe in it, which brings us back to the religious theme of Christmas.

Now that we have learnt so much about vouchers and money, we would like to take a look at the possible tax implications of giving money as a gift. Vouchers can be safely omitted here, as the amounts are unlikely to be significant.

In principle, it can be said that every gift could trigger a tax for the recipient if there were no tax-free amounts or exemption limits or, as in the cantons of Lucerne, Obwalden and Schwyz, no gift tax is levied.

Gifts between spouses or registered partners are exempt from gift tax in all cantons in Switzerland. With the exception of three cantons (AR / NE / VD), this also applies to descendants (children and grandchildren).

The situation is somewhat different for unmarried partners. A distinction is made here on a cantonal basis as to how long the partnership has already existed, whereby a joint period of five years (in some cases only two years or even 10 years) leads to privileged treatment with higher tax-free amounts/exemption limits or even lower gift tax rates than for third parties. Gifts to siblings and one's own parents are also taxed.

The gift taxes for life partners (if considered differently to third parties), parents and siblings are between 2 and 20 per cent of the amount gifted, the exemption limit is around CHF 10'000 on average in Switzerland and the exemption amounts are between CHF 2'000 and CHF 5'000.

For all other persons, the gift tax is considerably higher and can be up to 49.5% (Basel-Stadt) of the amount gifted. For a detailed list of the exemption limits and tax-free amounts as well as the tax rates, please refer to the Credit Suisse overview of cantonal inheritance and gift tax, which can be found [here](#).

So, if you are planning to make a large gift, we will be happy to assist you and help you avoid any surprises.

With this in mind: Giving is a pleasure and gifts during your lifetime are happier than inheritances.

We wish you a happy holiday season.

Best regards

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