

SAFE HAVEN INTEREST RATES FOR ADVANCES AND LOANS IN 2026

On 29 and 30 January 2026, the Federal Tax Administration (FTA) published two circulars valid for the 2026 tax year on tax-recognised interest rates for advances and loans in Swiss francs and foreign currencies (known as "safe haven" interest rates). Compared to the previous year, the interest rates for the 2026 tax year have changed slightly.

The minimum interest rate for advances and loans to shareholders or related parties (active loans) in CHF has been reduced to 0.75% (previous year 2025: 1%), provided they are financed from equity capital. Accordingly, the maximum interest rates for advances and loans to Swiss companies (passive loans) have also fallen: From 2026, a maximum interest rate of 1.5% (2025: 1.75%) will apply to operating loans in Swiss francs of CHF 1 million or more for trading and manufacturing companies, and 1.25% (2025: 1.5%) for holding and asset management companies¹. Companies based in Switzerland should review the interest rates applied to the relevant loans and adjust them if necessary.

There have also been some changes to the interest rates for loans and advances in foreign currencies. For loans in USD, for example, a minimum interest rate of 4.00% (2025: 4.25%) now applies.

The interest rates are safe haven rules. This means that the FTA assumes that the interest rates are in line with arm's length principles when applying them. Higher or lower interest rates are subject to proof of arm's length principles.²

¹ The interest rates applicable to operating loans of up to CHF 1 million remain unchanged at 3.5% for trading and manufacturing companies and 3% for holding and asset management companies.

² However, according to the latest Federal Supreme Court ruling, a taxpayer who deviates from the safe haven interest rates cannot claim that a tax adjustment will only be made up to these interest rates as the

minimum or maximum interest rate. In the case of deviating interest rates, the tax authority can determine the appropriate interest rate for tax purposes, which may therefore also be below the maximum or above the minimum interest rate (Federal Supreme Court 9C_690/2022 of 17 July 2024).

LOANS IN SWISS FRANCS FROM SWISS COMPANIES (ACTIVE LOANS)

For loans in Swiss francs granted by a Swiss company to its shareholders or related parties and financed from equity capital, a minimum interest rate of 0.75% applies. For active loans, the minimum interest rate for 2026 is thus reduced by 0.25% compared to the previous year.

If the lender has borrowing costs from outstanding external financing, a minimum interest rate consisting of their own financing costs (external financing costs) plus a spread of 0.50% for loans up to CHF 10 million or a spread of 0.25% for amounts exceeding CHF 10 million continues to apply. In any case, a minimum interest rate of 0.75% now applies.

If a Swiss company receives insufficient interest on such an active loan it provides to its shareholder, the amount of the interest shortfall constitutes a monetary benefit subject to withholding tax, which is also added to the shareholder's income/profits (with a participation deduction or partial taxation, if applicable) in case Swiss tax resident. In such cases, it should be examined which declarations should be made proactively, e.g. to avoid (tax) criminal consequences.

LOANS IN SWISS FRANCS TO SWISS COMPANIES (PASSIVE LOANS)

According to the FTA, the following maximum interest rates apply to loans in Swiss francs from shareholders or related parties to Swiss companies (passive loans):

- Operating loans up to CHF 1 million to a trading and manufacturing company continue to be capped at 3.5% or, from CHF 1 million, at 1.5% (2025: 1.75%).
- Loans to holding and asset management companies up to CHF 1 million continue to be capped at 3% and loans above CHF 1 million at 1.25% (2025: 1.5%).

Special requirements apply to real estate loans.

If passive loans bear excessively high interest, the amount of the excess interest constitutes a monetary benefit for withholding tax purposes, which is also offset as a hidden profit distribution for profit tax purposes and counted as income/profit for the shareholder (with participation deduction or partial taxation, if applicable). Furthermore, the principles of hidden equity must be observed when reviewing the maximum permissible interest rate.³

LOANS IN FOREIGN CURRENCIES FROM SWISS COMPANIES (ACTIVE LOANS)

The FTA publishes the applicable interest rates for the most common foreign currencies in a separate circular for foreign currencies. A minimum interest rate of 4.00% (2025: 4.25%) now applies to loans in USD, while a minimum interest rate of 2.50% continues to apply to loans in EUR.

LOANS IN FOREIGN CURRENCIES TO SWISS COMPANIES (PASSIVE LOANS)

The interest rates published by the FTA for loans in foreign currencies also apply to passive loans to Swiss companies. In addition to the foreign currency interest rate (e.g. for USD in 2026: 4.00%), the premium must be taken into account when determining the maximum interest rate, in line with the FTA circular on advances or loans in Swiss francs. The premium (known as the spread) is defined as the difference between the maximum interest rate (passive loan) and the minimum interest rate (active loan). Example: For operating loans to trading and manufacturing companies up to CHF 1 million, the difference between the maximum interest rate (3.50%) and the minimum interest rate (0.75%) results in a premium of 2.75% (spread). A passive loan of USD 1 million may therefore be subject to a maximum interest rate of 6.75% (foreign currency interest rate USD of 4.00% plus a premium of 2.75%; assumption USD:CHF 1:1). For operating loans up to an equivalent value of CHF 1 million, this results in a new spread of 2.75% for 2026 (2025: 2.5%), while a spread of 0.75% continues to apply to operating loans of CHF 1 million or more.

In the case of passive loans in foreign currencies, commercially justified evidence must also be provided in all cases as to why no commitment was entered into in Swiss francs at lower interest rates. The right to demonstrate higher interest rates as a result of third-party comparison is reserved.

CAPITALISATION RATES

The two circulars contain a reference to the capitalisation rates for the valuation of companies and refer in this regard to Circular No. 28 of the Swiss Tax Conference (Schweizerische Steuerkonferenz, SSK) "Guidelines for the valuation of securities without a market value for wealth tax purposes" and the current commentary. The capitalisation rate for valuations in Swiss francs is currently 10.00% (valuation year 2025), compared with 8.75% (valuation year 2024). This leads to lower valuations of shares in unlisted companies.

³ In these cases, too, it should be examined which declarations should be made proactively, e.g. to avoid (tax) criminal consequences.

PRACTICAL RELEVANCE

- Loan agreements between companies and their shareholders or other related parties often contain dynamic interest clauses, i.e. interest clauses with reference to the relevant circulars of the FTA. As safe haven interest rates must be observed in order to avoid tax consequences (subject to third-party comparison), we recommend regularly reviewing intra-group loan relationships for compliance with tax requirements.
- When applying the so-called practitioner's method to the valuation of companies, the increased capitalisation rate leads to a lower company value and thus to lower wealth taxes.

The adjusted framework conditions may offer opportunities for tax planning in individual cases. Our tax team at Bär & Karrer AG will be happy to assist you with any questions you may have and is available to discuss your individual case.

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