



Canton of Bern Tax Administration

Tax on Bern real estate and businesses for persons domiciled abroad (limited tax liability)

1 Principles

Individuals who are domiciled abroad have limited tax liability in the Canton of Bern because of their economic affiliation to the canton if they:

- own or have a usufructuary right over real estate here and/or
- run, have a share in or a usufruct of a business or permanent establishment here.

Liability to tax in the Canton of Bern is limited in these cases. In the Canton of Bern, only the income from the real estate, the business or the permanent establishment and only the assets situated in the Canton are liable to tax. Social security deductions are not permitted.

In determining the rate of tax, income achieved abroad and assets located abroad are not taken into account. However, income and assets that result from having economic affiliation to other cantons are liable to tax (see [Factsheet 3a](#)).

Individuals who are domiciled abroad must provide a Swiss postal address. If the place of residence of a person liable to tax is unknown or if that person is resident abroad but has not provided a postal address or named a representative in Switzerland, rulings or decisions may be published in the Official Cantonal Gazette with full legal effect without stating the grounds.

2 Real estate in the Canton of Bern

2.1 Tax calculation

Income is taxable if it results from the real estate (for example rent or the notional rental value). The costs of the real estate (maintenance, operational and administrative costs) may be deducted, either as the effective costs or as a flat-rate allowance. Mortgage interest on real estate in the Canton may also be deducted. Other interest on debts may not be taken into account. When determining the rate of tax, all taxable income in Switzerland is taken into account.

Example 1

Income from the property	CHF 20000.–
Property tax	– CHF 600.–
Maintenance, operating and administration costs	– CHF 4000.–
Debts secured by mortgage	– CHF 6000.–
Taxable income	CHF 9400.–

The taxable assets are determined by the official value of the real estate. Mortgage debts secured on the real estate may be deducted. When determining the rate of tax, all taxable assets in Switzerland are taken into account.

Example 2

Official value	CHF 400000.–
Debts secured by mortgage	– CHF 150000.–
Taxable assets	CHF 250000.–

2.2 Tax declaration

Forms 1, 4 and 7 must be completed for real estate situated in the Canton of Bern that form part of the taxpayer's private assets. Real estate located abroad does not have to be declared. On Form 4 in Section 4.3 only the debts secured by mortgage on real estate in the Canton and the interest on those debts may be entered. Members of a community of heirs or community of co-owners must also complete Form 8.

3 Businesses and permanent establishments in the Canton of Bern

3.1 Tax calculation

In the case of businesses and permanent establishments, the taxable income is determined by the profits made in the Canton of Bern. Commercially justified expenditure is taken into account for tax purposes provided it serves to achieve these profits. A simple separation of expenditure is therefore made according to the purpose it serves. Business losses from abroad are not taken into account. Losses made in the Canton of Bern may be carried forward. When determining the rate of tax, all taxable income in Switzerland is taken into account.

Example 3

Taxable profit from the business/ permanent establishment	CHF 30 000.–
Taxable income	CHF 30 000.–

The taxable business assets are determined by the value of the assets situated in the Canton of Bern under deduction of the operational debts. When determining the rate of tax, all taxable assets in Switzerland are taken into account.

Example 4

Taxable shareholders' equity from the business/permanent establishment	CHF 200 000.–
Taxable assets	CHF 200 000.–

3.2 Tax declaration

For businesses and permanent establishments located in the Canton of Bern, Forms 1, 9 and/or 10 must be completed. Income and assets from businesses abroad do not have to be declared. In the case of participations in a general or limited partnership, building association, consortium or other form of unregistered partnership, Form 8 must also be completed.