

Extension of the tax loss carry-forward period to 10 years

The Swiss parliament has decided to extend the period for carrying forward tax losses. In future, tax losses may be offset against future profits not just for seven, but for ten tax periods. The aim of this change is, in particular, to provide tax relief to companies with longer start-up or recovery phases and to strengthen Switzerland's competitiveness as a business location.

What exactly is changing?

The extension of the loss carry-forward period applies to direct federal tax as well as to cantonal and municipal taxes, thereby ensuring uniform application throughout Switzerland. The new regulation is expected to apply from the 2028 tax year, with the exact date of entry into force to be formally determined by the Federal Council.

Losses incurred from the 2020 tax year onwards will be covered. Losses from earlier periods will continue to be subject to the previous seven-year period.

It will still not be possible to carry losses back (offset current losses against profits from previous financial years).

Scope of the amendment

Start-ups, high-growth companies and businesses with cyclical or long-term business models will benefit in particular from the extension. These companies often only achieve sustainable profits several years after a loss-making period. The extended period allows taxation to be aligned more closely with actual economic performance.

Our assessment

The extension of the loss carry-forward period represents a positive development for taxpayers and is likely to particular start-ups and be of benefit to companies with long economic cycles. Furthermore, Switzerland is moving closer to rules of neighboring countries which are often more attractive as they do not impose a time limit on loss carry-forwards.

Grant Thornton Switzerland/Liechtenstein would be happy to assist you as a competent point of contact for any queries. We look forward to hearing from you.



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