Tax-recognized interest rates for advances or loans 2025

Swiss Federal Tax Administration (FTA) annually publishes recognized interest rates applicable for tax assessments of advances and loans in Swiss francs and in foreign currencies.

The granting of non-interest-bearing or insufficiently interest-bearing advances or loans to participants or related third parties constitutes a benefit in kind, which is subject to withholding tax and income tax. The same applies to excessive interest paid on the basis of obligations to participants or related third parties.

The FTA publishes save hafen interest rates annually. When applying these values, the FTA assumes without further proof that the interest rates are market rates. This creates planning and legal certainty for Swiss companies in their financing activities and protects them from surprises.

Transactions in Swiss francs

For loans in Swiss francs granted by a Swiss company to its shareholders or other related parties and financed from equity, the FTA requires a minimum interest rate of 1% in 2025.

For advances from shareholders or related parties – for example, for operating loans at trading and manufacturing companies – the following maximum interest rate is permitted according to the FTA:

- Up to CHF 1 million 3.5%, from CHF 1 million 1.75%
- The resulting spread between the granting of funds and the borrowing of funds is therefore 2.5% for loans up to CHF 1 million and 0.75% for higher amounts.

Transactions in foreign currencies

If loans are not granted in Swiss francs but in a foreign currency, modified safe haven interest rates must be applied, whereby at least the interest rate for loans in Swiss francs must be applied if the interest rate for the foreign currency is lower.

For loans granted in EUR and USD, the permissible minimum interest rate of 2.5% (EUR) and 4.25% (USD) remains unchanged.

These interest rates are valid if the advances or loans are financed from equity. For loans financed by borrowed capital, interest must be paid on the cost price plus 0.5%, but at least the interest rate listed by the FTA. Loan obligations may bear interest at a maximum of the safe haven interest rate plus the same spread as loans in Swiss francs. As explained, the spread for operating loans up to CHF 1 million, for example, is 2.5%, and for loans of CHF 1 million or more it is 0.75%. Accordingly, the maximum interest rate on operating loans in EUR of less than the equivalent of CHF 1 million is 5%, while the maximum interest rate on operating loans in EUR is 3.25% for the equivalent of CHF 1 million or more.

Higher interest based on the third-party settlement can generally be claimed. However, in all cases, evidence must also be provided, justified on business grounds, as to why no obligation was entered into in lower interest-bearing Swiss francs.

Especially companies that have entered intragroup loan obligations or loan balances denominated in foreign currencies are advised to review the loan agreements on an ongoing basis and in particular regarding the latest adjustments of the FTA as of 1 January 2025 and to adjust them if necessary. Grant Thornton Switzerland/Liechtenstein will be happy to assist you as a competent contact partner with any questions you may have. We look forward to hearing from you.

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