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Download Date: 01 October 2018

Real Estate

in Switzerland



Table of contents

Market spotlight

- Trends and prospects

Rights and registration

- Rights
- Registration

Sale and purchase

- Brokerage
- Due diligence
- Preliminary agreements
- Contracts
- Obligations and liabilities
- Taxes
- Transfer of title
- Timeframe

Leases

- Contracts
- Length of term
- Rent
- Sub-letting
- Obligations and liabilities
- Taxes
- Insurance
- Termination and eviction

Finance

- Finance providers
- Financing structures
- Enforcement of security

Investment

- Investment climate
- Investors
- Investment structures

Planning and environmental issues

- Planning
- Government expropriation
- Environmental issues

Law stated date

- Correct as of



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Market spotlight

Trends and prospects

What are the current trends in and future prospects for the real estate market (both commercial and residential) in your jurisdiction?

House prices in Switzerland have risen steadily over time. However, this growth has recently slowed due to a slight decline in demand. As mortgage rates remain low, the real economy is growing and the value added tax rate has been reduced, the demand for home ownership is and will continue to remain constant in the future. For this reason, prices for owner-occupied homes are expected to continue to rise slightly.

Conversely, in the rental market the economic upswing is expected to stabilise demand but may not reduce the vacancy rate. As the vacancy rate for rented apartments has risen, rents are expected to fall. There is a growing trend of people living in cities in general and in multi-storey buildings in particular.

Finally, there are signs in the commercial real estate market that the demand for office facilities is stabilising again, whereas the demand for retail premises is continuing to fall.

Rights and registration

Rights

What types of holding right over real estate are acknowledged by law in your jurisdiction?

'Immovable property' is defined as:

- parcels of land and the buildings thereon;
- independent and permanent rights included in the land register;
- mines; and
- co-ownership shares in immovable property.

The following ownership rights over immovable property exist:

- Sole ownership – the sole owner of an immovable property can determine its use, conversion, encumbrance or sale. However, its rights are limited by public law, such as building, planning and environmental law, or by private law, such as neighbouring rights, mortgages or contractual agreements.
- Co-ownership – co-owners acquire and own an immovable property on a pro-rata basis. Each co-owner has the rights and obligations of a sole owner for its share and can therefore sell or pledge this share, but not the immovable property itself. All co-owners must decide jointly on actions concerning the joint property (eg, conversion, sale or rent), whereby a majority decision corresponding to the shares to which the co-owners are entitled is usually sufficient.
- Joint ownership – joint owners are bound by law (eg, community of heirs) or by contract to form a community and acquire immovable property by virtue of their community. The sale, reconstruction, encumbrance or rent of the property can take place only with the consent of all persons within the community.
- Condominium ownership – condominium ownership is a specially designed form of co-ownership which grants the individual co-owners a special right to the exclusive use and design of a self-contained room (eg, an apartment in a block of flats). The condominium owner is therefore the owner of its apartment and can decide on the use and design of its apartment alone. When it comes to uses or designs that affect all property owners (eg, roof, load-bearing walls or staircases), all parties must be involved in the decision making together. However, a majority decision is usually sufficient.

Are rights to land and buildings on the land legally separable?

As a rule, a building constructed on a parcel of land becomes the property of the owner of that land. However, there is an exception. Building rights grant the rights holder permission to erect a building on another party's land and freely dispose of any buildings. Such a building right can be established only as a so-called 'independent and permanent right' for a limited period of between 30 and 100 years and must be registered as immovable property in the land register.

Which parties may hold and exercise rights over real estate? Are there restrictions on foreign ownership of property?

In principle, any natural person or legal entity can acquire real estate in Switzerland. However, natural persons or legal entities based overseas require a state permit to do so. No permit is required if the person abroad uses the property as a permanent establishment, business or main residence.

How are rights, encumbrances and other interests over real estate prioritised?

Any and all immovable property and the associated rights and encumbrances are entered in the land register. In general, the principle-of-age priority applies, meaning that older rights take precedence over newer rights. In addition, legal servitudes (eg, emergency access rights) take precedence over other rights.

Registration

Must real estate rights, interests and transactions be registered in your jurisdiction? What are the legal effects of registration?

All immovable property and the rights associated therein must be registered in the land register of the community or district where the property is located. Registration in the land register is a prerequisite for the acquisition of real estate (ie, ownership passes to the acquirer only upon registration in the land register).

What are the procedural and documentary requirements for entry into the national real estate register(s)? Can registration be completed electronically?

In principle, applications for entry in the land register must be made in writing by the seller. In particular, the publicly notarised purchase contract and copies of the passports of the seller and the acquirer must be submitted with the application. It depends on the cantonal law applicable where the property is located whether the registration may be made in electronic form with a qualified electronic signature via an appropriate delivery platform.

What information is recorded in the national real estate register(s) and to what extent is such information publicly available?

All rights and encumbrances connected with immovable property are recorded in the land register. In addition, the documents for registration (eg, a purchase contract) are kept with the land register for an unlimited period. The land register is generally open to the public in Switzerland. Anyone is entitled to obtain information concerning:

- the name and description of immovable property;
- the name of the property owner;
- the form of ownership; and
- the date of acquisition.

In addition, on substantiation of interest, the land register can be inspected or an excerpt can be obtained.

Is there a state guarantee of title?

An entry in the land register is a state guarantee of ownership (ie, everything that appears in the land register applies in principle and applies to everyone, meaning that persons may rely on the information in the land register and assume that it is correct). The information in the land register is considered correct and complete regarding a bona fide purchaser. Anyone who has relied in good faith on an entry in the land register and subsequently acquired property or other rights in rem is therefore protected with regard to their acquisition. However, if the entry is unjustified and the third party knew or should have known of this defect, the acquirer will not have acted in good faith and therefore cannot invoke the land register entry.

Sale and purchase

Brokerage

How are real estate brokers regulated in your jurisdiction (eg, through caps on commission or disclosure obligations)?

According to statutory law, a broker's fee is due only if they have successfully placed an interested party with whom a real estate purchase contract was subsequently concluded. The amount of a broker's fee in the real estate trade can be agreed by the parties in principle and stated in the contract. However, if a disproportionately high broker's fee has been agreed, it may be reduced to an appropriate amount by a judge at the debtor's request. In real estate

trading in Switzerland, commissions of 1% to 2% of the purchase price are considered normal, although commissions of up to 3% for built-up properties and of 3% to 5% for undeveloped properties are possible.

Due diligence

What due diligence should be conducted before conclusion of a real estate sale contract?

Property to be acquired should be carefully inspected for material defects or defects of title. Further, environmental protection law (eg, the possible existence of contaminated sites) and the possibility of use for the intended purpose (eg, to erect a building) should be carefully examined when acquiring land. Finally, all information in the purchase contract should be checked for accuracy.

Preliminary agreements

Are any preliminary agreements typically entered into before conclusion of a sale contract?

Parties may enter into a reservation contract as a precautionary measure before concluding a real estate purchase agreement. By signing a reservation contract, the parties commit themselves in principle to buy or sell on the conditions stipulated in the contract. The future buyer usually makes an advance payment. If the property purchase contract is not concluded for reasons for which the buyer is responsible, the parties often stipulate the advance payment to be paid to the seller as a penalty. However, if the sales contract is not concluded for reasons for which the seller is responsible, the seller must repay this down payment. Reservation contracts are usually concluded in writing and not publicly notarised. They are, as a consequence thereof, generally not binding on the parties.

A preliminary contract will be concluded between the parties if the immovable property does not yet exist when the contract is signed. The preliminary contract will usually state a limited period during which, if the conditions are not fulfilled, the preliminary contract will generally expire. However, if the conditions defined in the preliminary contract are fulfilled, the parties will conclude the purchase contract. Preliminary contracts are publicly notarised, but not entered in the land register and therefore only take effect regarding the parties.

In a pre-emption agreement, the parties agree that in the event of the sale of the immovable property, the party entitled to pre-emption has the right to demand the transfer of the immovable property at the contractually agreed price or – if they have not agreed a price and other conditions – in accordance with the contractual price and conditions agreed with the third party by unilateral declaration within three months of knowledge of the pre-emption case (eg, the sale of the immovable property). The right of pre-emption can be established for a maximum of 25 years and recorded in the land register.

A purchase right agreement grants the right to purchase immovable property from the respective owner under the contractually agreed conditions by a unilateral declaration of intent. The purchase right can be established for a maximum of 10 years and recorded in the land register.

A repurchase agreement enables the rights holder to repurchase the immovable property that it has sold if certain conditions are met by a unilateral declaration of intent. The repurchase agreement can be established for a maximum of 25 years and recorded in the land register.

Contracts

Must sale contracts be concluded in writing? If so, must they be notarised?

Yes, contracts for the sale of immovable property must be concluded in writing and publicly notarised in order to be valid. However, if a publicly notarised purchase contract is not subsequently entered in the land register, ownership is not transferred to the buyer despite the conclusion of the purchase contract.

Can sale contracts be concluded electronically?

In principle, it is possible to sign a purchase contract by means of an electronic signature. However, public notarisation is required for the validity of the purchase contract of all immovable property. The public notarisation can only be finalised on paper. However, depending on cantonal law, the notary is authorised to issue an electronic copy of the public deed and submit the electronic copy to the land register. Thus, the sale of an immovable property cannot be a paperless process.

What provisions are usually included in a sale contract?

The following provisions are usually included in a sales contract:

- the parties' personal data (eg, names, addresses and dates of birth);
- the address and property number;
- an indication of the property's dimensions;
- details of mortgages, easings and encumbrances already embracing the property;
- the purchase price and the payment procedure;
- the date of transfer of benefit, risk and ownership;
- details of the payment of fees and taxes relative to the sale; and
- details of warranty conditions.

Obligations and liabilities

What are the seller's disclosure obligations and other liabilities, and what are the consequences of breach?

If the sales contract does not specify the immovable property's dimensions, the seller is liable – unless the information is based on an official survey – for any reduction in the property's value due to its actual dimensions. In addition, the seller is also liable for defects, except those which the buyer knew or should have known of upon careful examination. A seller may (and often does) exclude the warranty for defects in the publicly notarised purchase contract. However, if a seller conceals defects from a buyer in a malicious manner, an exclusion of the warranty is void. If the warranty for defects is not legally excluded, the buyer is entitled to claim the rescission of the purchase contract or a reduction in the purchase price corresponding to the reduction in value due to the defect. If a buyer has also incurred damage, it may also assert claims for damages against a seller.

What contractual warranties are usually given by the seller?

The seller usually provides the following contractual warranties:

- its legal ownership of the purchased item;
- property encumbered with no or no further encumbrances, real burdens, or mortgages;
- (non-)existence of tenancy, lease or other usage relationships; and
- warranty for defects or the absence of awareness of defects (however, these are often explicitly excluded).

Are there any other obligations on the buyer, aside from paying the purchase price?

The buyer must pay property transfer tax and, unless otherwise agreed in the purchase contract, half of the notary and land register fees.

Taxes

What taxes are payable on the sale and purchase of real estate? Are any exemptions available?

The following taxes are payable on the sale and purchase of real estate:

- Real estate gains tax – in general, the difference between a property's purchase value (less the property transfer tax, land register fees and notary fees) and the sale proceeds (less the property transfer tax, land register fees, notary fees and broker commission) must be taxed. This tax is generally payable by the seller. In certain circumstances, the taxation is deferred.
- Property transfer tax – in general, the acquisition of real estate is subject to property transfer tax based on the purchase price plus all other services provided by the acquirer. Property transfer tax is generally borne by the acquiring party. There are exemptions in certain circumstances.
- Value added tax (VAT) – in general, the sale of land is not subject to VAT. However, the seller can, under certain circumstances, voluntarily subject the property to VAT.

Transfer of title

When does title in the property transfer?

The transfer of ownership of real estate is, as a rule, only effected upon entry in the land register. If the property is

not acquired through a legal transaction (eg, by purchase or gift), but through inheritance, expropriation, foreclosure or court judgment, the property may also be acquired without entry in the land register.

Timeframe

What is the typical duration of a sale transaction?

There is no typical duration of a sale transaction, as it depends on various factors.

Leases

Contracts

Must a lease agreement be concluded in writing?

No. However, it is customary for lease agreements to be concluded in writing.

Are there any regulations setting out mandatory or prohibited provisions in lease agreements?

There are no minimum requirements or mandatory points to be regulated in lease agreements. However, the general principles of tenancy law set out in the Code of Obligations apply and provide for certain mandatory provisions which may not be changed by contract to the detriment of the tenant. For example, the notice period for apartments of at least three months and for business premises of at least six months may be increased, but not reduced.

What provisions are typically included in lease agreements?

Lease agreements typically contain:

- the names of the parties;
- the property's address;
- a detailed description of the rental object;
- an indication of whether the property is a family apartment;
- details of notice periods and cancellation dates;
- details of the amount of the rent and ancillary costs;
- details of the date of rental payments;
- details of the size of deposit required; and
- any additional general provisions.

What are the standard forms of lease agreement used in your jurisdiction?

The standard form of lease agreement (even if not mandatory) is a written lease contract.

Length of term

Are there any regulations on minimum and maximum terms of leases?

In principle, parties are free to determine lease periods. In the case of a limited lease period, the tenancy ends automatically on expiry of the agreed period, whereas in the case of an unlimited lease period, the tenancy ends only after termination by written notice. In the case of residential premises, a notice period of at least three months (and in the case of business premises, at least six months) must be observed.

Are long-term tenants accorded any special rights as to extension or renewal of leases?

No.

Rent

What regulations (if any) govern rent increases?

Landlords are entitled to increase rents up until the next possible lease termination date. However, they must inform tenants of any rent increases using a canton-approved form at least 10 days before the start of the notice period and give reasons for the rent increase. The tenant can challenge the rent increase before the courts.

What regulations (if any) govern rent security deposits?

Landlords can demand a maximum of three months' rent as security. Landlords must deposit this money in a bank account in the tenant's name. This account may be set up only with the consent of both parties or on the basis of a legally binding court decision or legally binding order for payment.

Can the tenant withhold rent payments on any legal grounds?

In case of a defective property, tenants can:

- request in writing that the landlord remedies the defect within a reasonable period; and
- threaten to deposit the rent at a place designated by the canton if this period expires without resolution of the defect.

Tenants must notify landlords in writing of the deposit of the rent. Subsequently, tenants must assert their claims against a landlord in court within 30 days of the due date of the first deposit of the rent, otherwise the deposited rent is automatically passed to the landlord. Apart from the right to deposit the rent, tenants cannot refuse to pay rent.

Sub-letting

Under what circumstances is sub-letting typically allowed?

Sub-letting is permitted only if:

- tenants inform the landlord of the conditions of the sub-letting;
- the conditions of the sub-lease are not unfair compared to those of the main lease agreement; and
- the sub-tenancy entails no substantial disadvantages for the landlord.

Obligations and liabilities

What are the general obligations and liabilities of the landlord in respect of the property and what are the consequences of breach?

Landlords must:

- make rented properties available to tenants at the agreed time and in a condition suitable for the assumed use; and
- maintain said condition.

Further, landlords must repair non-functional objects (eg, ovens, refrigerators and stoves) – apart from minor repairs – at their own expense. In the event of a landlord's non-performance or malperformance of a contract, tenants can demand a rent reduction or damages. In addition, tenants can deposit rent with an official authority after a deadline that they have set to remedy the defect has expired without completion. Tenants must notify the deposit of the rent in writing.

What are the general obligations and liabilities of the tenant in respect of the property and what are the consequences of breach?

Tenants must pay the agreed rent and use the rented property only for the agreed use. Further, tenants have a 'duty of toleration' (ie, they must allow work on the leased property that is necessary to rectify defects or avoid damage). In addition, tenants must allow landlords to inspect leased property if this is necessary for its maintenance, sale or re-letting. However, landlords must take the interests of tenants into consideration and notify them of any impending inspections in good time.

Taxes

Are any taxes payable on rental income? If so, are any exemptions available?

Yes, landlords must pay tax on rental income. In return, they may deduct many costs connected with rented property as expenses from the rental income. In principle, there are no exemptions from the taxation of rental income.

Insurance

Are the landlord and tenant bound by any insurance requirements?

No, under Swiss law there are no mandatory insurance requirements for landlords or tenants. However, in general, landlords have building insurance and tenants have household and personal liability insurance.

Termination and eviction

What rules and procedures govern termination of the lease by the landlord and the tenant's eviction from the property?

In the case of contracts with a limited lease period, the tenancy ends automatically after the agreed contract period's expiry. In the case of an unlimited lease period, the tenancy ends only after a party's written termination on an agreed or customary local date. In the case of residential premises, a notice period of at least three months – or in the case of business premises, at least six months – must be observed. Termination must be in writing. Further, landlords must use an official termination form approved by the canton.

In the event of a default in payment, landlords may terminate a lease – after setting a payment deadline of 30 days and warning that the lease will be terminated once the deadline has expired – with 30 days' notice. If a tenant does not leave the apartment despite termination, the landlord can apply for the tenant's expulsion by means of legal proceedings.

Finance

Finance providers

What are the typical providers of real estate financing in your jurisdiction? Are there any restrictions on who may provide financing?

In general, real estate financing in Switzerland is provided for by banks or insurers. Within the framework of self-regulation, banks have decided to finance up to only 80% of a property's value. The mortgage debtor must therefore raise a minimum of 20% equity capital, half of which must comprise cash or account balances.

Financing structures

What are the most common structures used to secure real estate financing and how are these security interests perfected?

In general, the bank or insurer grants the landowner a loan, which is secured by a mortgage (ie, mortgage bond or mortgage deed) on the property. The security right over real property is created by a publicly notarised contract and its registration in the land register. A registered security right over real estate remains in force until it is deleted from the land register. If the debt is paid, the owner can demand the deletion of the security right over real property in the land register. Subject to cantonal regulations on the maximum interest rate, the interest rate for the secured property can be set as desired.

What covenants are typically made in financing agreements?

The mortgage loan contract usually specifies the mortgage amount, the interest rate and the repayment term as well as the collateral arrangements of the mortgage loan covered by the pledged object (ie, real security).

Enforcement of security

How are security interests enforced in the event of default?

In the event of a default in payment, the securities may be enforced by a court order through compulsory enforcement proceedings. In this case, the creditor can initiate the enforcement of real estate lien liquidation. If the debtor raises a legal objection against the claim or lien, the creditor may apply for the judicial removal of the legal objection. If the payment deadline given to the debtor has elapsed unexecuted, the creditor may request

enforcement of the property's sale. The property is auctioned publicly and the creditor is reimbursed from the payment proceeds.

What is the typical timeframe for the enforcement of security?

An application for the enforcement of a security right over real estate may be requested no earlier than six months and no later than two years after the commencement of debt collection (ie, the date from service of the order for payment). Upon receipt of the application for enforcement, the property will be publicly auctioned off between one and three months afterwards. Enforcement proceedings are therefore expected to take at least seven to nine months and are prolonged by the duration of the procedure for the removal of the legal objection, if any.

Investment

Investment climate

What is the general climate of real estate investment in your jurisdiction?

Swiss real estate prices have remained consistently high for years, but the market remains attractive, particularly due to low mortgage interest rates. Demand for residential property therefore remains stable. However, the vacancy rate of rented residential and commercial buildings is rising. Residential property funds are particularly affected by this development, which is why there are signs of a decline in the distribution yield of property funds.

Investors

Who are the most common investors in real estate?

The most common investors in real estate in Switzerland are real estate companies, pension funds, insurers, housing co-operatives and private investors.

Are there any restrictions on foreign investment in real estate?

Under the respective Swiss law (the so-called 'Lex Koller') direct investment in real estate and the acquisition of shares in a residential real estate company by a foreign investor (ie, a person abroad or a foreign company) is permitted only with a corresponding administrative permit. However, no permit is required if the property is the place of business, trade or main residence of the foreign investor. Further, foreign investments in residential property are possible by involving one or more Swiss partners in a joint venture or by acquiring shares in the partner company. However, it is assumed that the Swiss partners exercise effective control over the joint investment. Foreign investors may acquire shares in a residential real estate company listed on a Swiss stock exchange without a permit, provided that actual Swiss control is ensured. If a foreign investor holds more than 33% of the company's capital, the company is considered a foreign-controlled company, which is why no further residential properties may be acquired by the company or may be acquired only with a corresponding permit. The regulations for the granting of a permit are the responsibility of each canton and therefore vary.

Investment structures

What structures are typically used to invest in real estate and what are the advantages and disadvantages of each (including tax implications)?

In a direct investment structure, the investor acquires the real estate property. It may take out a mortgage with a bank, pension fund or insurer, in which case it must provide at least 20% of the purchase price from its own funds. The mortgage interest can be deducted from the investor's taxable income.

In an indirect investment structure, the investor acquires shares of real estate companies or funds. In the case of real estate funds, it must be considered from a tax perspective whether the fund owns the properties directly or indirectly. If the fund owns the property directly, the fund is taxed whereby the investor pays these taxes indirectly via fees or by distributing lower income. However, the distributed income is generally exempt from income and wealth tax. If the fund holds the units in the properties only indirectly by investing in real estate companies or other funds, the investor pays taxes on the distributed income.

Planning and environmental issues

Planning

Which government authorities regulate planning and zoning for real estate

development and use in your jurisdiction and what is the extent of their powers?

In principle, the cantons are responsible for spatial planning in Switzerland, but the confederation sets out the basic legislation in this regard. The cantons draw up plans for spatial development on their territory in coordination with the confederation and the cantons, which must be approved by the Federal Council. However, the actual in-out zoning and planning is mainly incumbent on the municipalities.

What are the eligibility, procedural and documentary requirements to obtain planning permission?

Buildings and facilities may be erected or modified only with official approval. A building application must be submitted in writing to the responsible local building authority. In particular, a building application must indicate the purpose of the building, the materials to be used and the area affected.

A building owner is generally entitled to a building permit if:

- the planned building conforms with the zone;
- the land is developed; and
- the planned building complies with the relevant building regulations.

Can planning decisions be appealed? If so, what is the appeal procedure?

An objection period is available during a building application's validity period, the duration of which varies from canton to canton (usually 14 or 30 days). An objection must be submitted in writing and contain an application and a statement of reasons. Only those affected by the planned building (usually neighbours) are entitled to object to planning decisions. In Switzerland, appeals can, in principle, be lodged through three instances.

What are the consequences of failure to comply with planning decisions or regulations?

If an application is incomplete, the respective authority will request the submission of missing information. However, if the building project does not comply with legal regulations, the application will be rejected and the applicants must file an appeal. Since an appeal procedure is time consuming and costly, it is worthwhile developing the building project with architects and, if necessary, in consultation with lawyers, so that all requirements are fulfilled from the start.

What regime governs the protection and development of historic and cultural buildings?

According to the Federal Constitution, historic preservation in Switzerland is, in principle, the responsibility of the cantons, which regulate preservation through cantonal laws. However, the confederation sets out basic laws, such as the Nature and Cultural Heritage Protection Act, regulating the financial support of organisations active in the fields of nature conservation, heritage protection and monument preservation. Swiss Heritage is the largest non-profit organisation in Switzerland committed to the protection of architectural monuments.

Government expropriation

What regime applies to government expropriation of real estate?

Swiss law makes a distinction between formal expropriation (ie, where the state becomes the new owner of real estate) and material expropriation (ie, where private ownership is merely legally encumbered by the state). In addition to the Federal Constitution, expropriations are regulated by federal laws and special cantonal regulations.

Since the formal expropriation of real estate constitutes an encroachment on the constitutional fundamental right of a guarantee of ownership, it requires sufficient grounds for expropriation and must be fully compensated. The state can expropriate only if public interests (eg, public infrastructure) require it and the intervention is proportionate. This is particularly the case in the construction of national roads and public transport facilities.

The material expropriation of property is carried out under the spatial planning law (eg, if a building ban is imposed). The private individual remains the owner, but is restricted in its use of the property.

What is the required notice period for expropriation and how is compensation calculated?

Expropriations, as state projects, are published or, in special cases, reported directly to those affected. Private individuals have 30 days after a public announcement to raise objections. If an appeal is made, an agreement procedure is necessary, in which the conditions for expropriation are examined and compensation is assessed. The duration of the procedure depends on the individual case. In any case of expropriation, the owner must be fully compensated in the form of a cash benefit. The value of the compensation is based on either objective criteria (ie, the market value of the land plot) or subjective criteria (ie, the capitalised earnings value of the land plot).

Environmental issues

What environmental certifications are required for the development of real estate and how are they obtained?

Construction projects must always comply with the environmental protection regulations of the federal government and the respective canton. It is therefore recommended to consult the relevant laws before submitting a building application. Federal law established minimum requirements, particularly with regard to emissions, waste and soil protection. In the case of special construction projects – in particular, commercial construction with facilities that can pollute the environment – the responsible municipality examines the environmental compatibility through its own assessment procedure.

What environmental disclosure obligations apply to real estate sales?

Environmental information relating to land plots (eg, the existence of known contaminated sites) must be disclosed when selling land plots. In the case of land sales, the general rules of the Code of Obligations regarding the seller's warranty for physical and legal defects apply. Accordingly, sellers are liable to buyers for defects which reduce the value of the property, provided that the sellers' warranty for defects in the property was not waived in the publicly notarised purchase contract. However, if sellers conceal defects from buyers in a malicious manner, a waiver of the warranty is always void.

What rules and procedures govern environmental clean-up of property? Which parties are responsible for clean-up and what is the extent of their liability?

In Switzerland, the so-called 'polluter pays' principle applies (ie, the party responsible for the costs arising from environmentally damaging behaviour or an environmentally damaging plant must bear these costs). The costs are thus passed on to the polluter. The polluter pays principle is also intended as an incentive to behave in an environmentally friendly manner and thus serves to indirectly influence behaviour.

Are there any regulations or incentive schemes in place to promote energy efficiency and emissions reductions in buildings?

Regulations on the use of energy are the responsibility of the cantons. The cantons enact laws which regulate the energy use of buildings, set emission values and provide for penalties if buildings fail to comply with the minimum requirements or maximum values. In future, uniform nationwide incentives to increase energy efficiency in the form of tax incentives will be introduced; at present, such incentives have been implemented only on a selective basis or in a few cantons.

Law stated date

Correct as of

Please state the date of which the law stated here is accurate.

20 August 2018.