

Swiss Residential Property Taxation: The 2029 Reform and Its Implications for Owners

Switzerland will abolish the imputed rental value (*Eigenmietwert*) on 1 January 2029 — and the transition window for tax-deductible renovation closes on 31 December 2028.

KEY POINTS

- Switzerland will abolish the *Eigenmietwert* (imputed rental value) on 1 January 2029, following a 57.7% referendum vote in September 2025.
- The reform simultaneously eliminates deductibility of renovation costs, mortgage interest and energy-saving investments on owner-occupied property.
- The transition window closes on 31 December 2028 — a firm, fixed date under federal law.
- Geneva's combined marginal tax rates of 30–42% mean the after-tax cost differential of acting before versus after 2029 is material and permanent.
- The reform applies symmetrically to foreign properties held by Swiss-resident taxpayers — an often-overlooked dimension.
- Energy renovation costs invoiced before end-2028 may be carried forward over three tax periods, maximising aggregate relief.

Market Context

Switzerland's system of residential property taxation has long been distinguished by one structural peculiarity: the imputed rental value, a notional income tax requiring homeowners to declare a theoretical rent — at minimum 60% of estimated market rent — as taxable income, even where no rent is received. This mechanism, in place for nearly a century, was designed to achieve fiscal symmetry between homeowners and tenants, and was offset by allowing owners to deduct mortgage interest, maintenance costs and energy-related renovation expenses against that same notional income.

Despite broad political consensus that the system was anomalous, reform attempts repeatedly failed to secure sufficient support. The December 2024 parliamentary agreement, followed by the September 2025 referendum result (57.7% in favour), finally broke the impasse. The Federal Council's confirmation on 1 April 2026 of a January 2029 entry into force — rejecting requests from mountain cantons for a further delay — established a firm and immovable deadline.

The reform arrives in a Swiss residential property market characterised by structurally limited supply, sustained demand in urban and peri-urban centres, and elevated property values relative to historical norms. The fiscal change does not alter the fundamentals of property ownership economics, but it does materially alter the tax treatment of one of the most significant recurring costs associated with it: property maintenance and renovation.

Analysis

What the Reform Changes: Abolitions and Survivals

From 1 January 2029, the following deductions will no longer be available for owner-occupied residential property — whether primary residence, secondary home, or property abroad held by a Swiss-resident taxpayer:

- **Renovation and maintenance costs**, both actual and flat-rate options, at federal and cantonal level.
- **Mortgage interest** on owner-occupied property, primary and secondary residences.
- **Energy-saving investments** at federal level; cantons retain the option to preserve these deductions at cantonal level until a maximum of 2050.

The following remain in force post-2029: first-time buyer mortgage interest relief (available for up to ten years from purchase, on a declining scale); mandated heritage conservation costs where works are ordered by public authorities; and all deductions on rented or commercially leased property. The reform applies exclusively to owner-occupied residential use.

The cantonal dimension on energy deductions deserves particular attention. While cantons may elect to retain energy-saving deductions until 2050, this is optional and subject to independent cantonal legislation. Given that Romandie — including Geneva and Vaud — showed stronger resistance to the reform at referendum, the trajectory of cantonal energy deduction policy in these jurisdictions remains uncertain and should not be relied upon in planning.

The Financial Implications: Quantifying the Transition Window

Under current law, qualifying renovation and maintenance expenditures reduce taxable income in full at the taxpayer's marginal rate. In Geneva, combined federal, cantonal and communal marginal rates for high-income individuals typically range between **30% and 42%**. The deduction is direct, immediate and proportional to the expenditure incurred. From 2029, it is zero. The after-tax cost differential between acting before and after this date is therefore material, direct and permanent.

Energy Renovations: A Compounded Urgency

For clients considering heat pump installations, thermal facade insulation, solar photovoltaic systems or roof replacement works, the financial argument for acting within the transition window is reinforced by a secondary consideration.

A current-law mechanism further amplifies the case for early action: energy-saving renovation costs that exceed the taxpayer's declared income in any given year may be carried forward across three consecutive tax periods. A qualifying project invoiced in 2026 therefore generates deductible amounts against the 2026, 2027 and 2028 tax years — capturing the maximum aggregate relief available before the reform takes effect.

Foreign Properties: The Overlooked Dimension

Swiss-resident taxpayers are subject to Swiss tax on worldwide income and assets. Under the current framework, owner-occupied foreign properties — a holiday residence in France, Italy, Spain or Portugal — are included in the Swiss tax return on both sides of the ledger: the imputed rental value is declared as taxable income, and renovation costs together with mortgage interest are deductible against Swiss taxable income.

From 1 January 2029, the reform applies symmetrically: the imputed rental value on foreign property disappears, and so do the deductions. Clients who have been deferring renovation works on overseas properties should be aware that Swiss deductibility for those costs is subject to the same 31 December 2028 deadline as works on Swiss property. The interaction with local country tax rules and applicable double taxation treaties adds complexity that requires individual professional advice.

“The transition window closes on 31 December 2028, is fixed by federal law, and cannot be extended.”

KEY RISKS

Legislative and cantonal risk. Cantons retain discretion on energy deduction preservation until 2050. Clients in Geneva and Vaud should not assume cantonal energy deductions will survive beyond 2028 without specific legislative confirmation.

Invoice timing risk. Deductibility is determined by the date of the invoice, not the date works are commissioned or payment is made. Works that overrun into 2029 may lose deductibility entirely if not properly managed.

Foreign property complexity. The application of Swiss deduction rules to foreign property is subject to bilateral double taxation treaties and local country rules. Clients should not assume Swiss deductibility without specific advice.

Mortgage structure risk. The loss of mortgage interest deductibility alters the long-term economics of leverage on owner-occupied property. Clients who do not review their debt structure ahead of 2029 may face a materially higher after-tax cost of financing.

Conclusion

The abolition of the imputed rental value is, on balance, a structurally positive development for Swiss homeowners. The removal of a century-old notional income tax represents a genuine and recurring annual relief — one that is permanent and requires no action to realise.

The planning imperative lies elsewhere. The simultaneous elimination of renovation deductibility, mortgage interest relief and energy deduction entitlements creates a time-limited but financially significant opportunity that demands attention now. The transition window closes on **31 December 2028**, is fixed by federal law, and cannot be extended. For clients with renovation needs on Swiss property or foreign holdings, the after-tax cost differential between acting before and after this date is material, direct and permanent.

Agora Capital recommends that clients with owner-occupied residential property review their renovation pipeline, invoice timing and mortgage structure in the current advisory cycle, in coordination with their personal tax advisor.

Sources

- Swiss Federal Council, Press Release: Bundesrat setzt Abschaffung des Eigenmietwerts auf 2029 in Kraft, 1 April 2026
- Swiss Federal Chancellery, Referendum Result, 28 September 2025
- Swiss Federal Tax Administration (ESTV), Abschaffung des Eigenmietwerts, March 2026
- UBS Switzerland, Imputed Rental Value Abolition — Impact on Renovations, 2026

IMPORTANT DISCLOSURES

About Agora Capital SA

This document has been produced by Agora Capital SA, a company incorporated in Switzerland with its registered office at Place du Port 1, 1204 Geneva, Switzerland. Agora Capital SA is regulated by the Swiss Financial Market Supervisory Authority (FINMA) as a portfolio manager (FINMA registration number KAG/GEF-0067). Agora Capital SA is subject to Swiss law and the jurisdiction of the Swiss courts.

Nature of this Document

This document is provided for general information and educational purposes only. It does not constitute investment advice, a personal recommendation, or a solicitation to buy or sell any financial instrument or investment product. Nothing in this document should be construed as tax advice. Readers should obtain

independent professional tax advice appropriate to their own circumstances before taking any action based on the information contained herein.

No Personal Advice

The information and opinions expressed in this document do not take into account the specific investment objectives, financial situation, tax position or individual circumstances of any reader. They are intended to inform and stimulate discussion, not to guide individual investment decisions. Any reader considering action in relation to any matter discussed herein should seek independent professional financial, legal, tax and regulatory advice appropriate to their own circumstances before taking any action.

Risk Warning

The tax treatment of property and other investments may change. Past performance is not a reliable indicator of future results. The value of investments and any income from them may fall as well as rise. All investments carry risk, including the possible loss of the amount originally invested. Where this document refers to specific tax provisions, deductions or legislative deadlines, these reflect the position as understood at the date of publication and are subject to change by legislative or regulatory action without notice.

Information Sources and Accuracy

The information and analysis contained in this document are based on sources considered to be reliable at the date of publication, including published Swiss federal legislation, Federal Council communications and publicly available guidance from the Swiss Federal Tax Administration. Agora Capital SA does not guarantee the accuracy, completeness or timeliness of any information contained herein, nor does it accept any liability for any loss or damage arising from reliance upon it. All information, opinions and legislative references may change without notice. Agora Capital SA accepts no obligation to update or revise any statement contained in this document following its publication.

Conflicts of Interest

Agora Capital SA and its employees may from time to time provide advisory services to clients in connection with matters discussed in its published commentary, including property-related advisory and wealth structuring services. This document does not disclose specific client relationship information. Readers should be aware of this possibility when considering the views expressed herein. A copy of Agora Capital SA's Conflicts of Interest Policy is available upon request.

Distribution

This document may be freely shared for informational purposes. It is not intended for distribution in any jurisdiction where its distribution would be contrary to applicable law or regulation. Readers in jurisdictions outside Switzerland are responsible for ensuring compliance with their local laws and regulations. This document is not directed at persons in the United States of America.

Copyright

© 2026 Agora Capital SA. All rights reserved. This document may be shared freely in its original and unaltered form for non-commercial purposes with appropriate attribution to Agora Capital SA. Any reproduction, adaptation, or use for commercial purposes requires the prior written consent of Agora Capital SA.

Privacy

Agora Capital SA processes personal data in accordance with the Swiss Federal Act on Data Protection (revFADP) and, where applicable, the EU General Data Protection Regulation (GDPR). Further information is available at www.agora-capital.com.