



*Analyse September 2025
— Real property assets
in the event of divorce*

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Real property assets

— in the event of divorce

Sadly, almost 40% of marriages in Switzerland end in divorce. The financial ramifications can be huge, especially when the spouses own real property. Upon divorce, the jointly owned property is divided under the rules of the chosen marital property system. Often this will lead to real property assets changing hands.

Transferring title to an outside party or between spouses upon divorce

Imagine a couple that marry in 2000 under the default Swiss system, which is the joint ownership of property acquired during the marriage. In our example, the couple purchase a piece of real property in 2010 for CHF 1 million, financed from income accrued during the marriage and owned jointly on a 50/50 basis. In 2020, upon divorce, the property is appraised to be

worth CHF 2 million, a sum to which both parties agree based on their estimations.

Upon divorce, the couple first has the option to sell their property to an outside party, which is the most common course of action in cases where neither spouse can single-handedly bear the property-related costs, e.g. mortgage and maintenance. The sale proceeds are then allotted to each spouse in accordance with their ownership interest and initial investment. In our example, both receive CHF 1 million. Both must, on an individual basis, either pay the capital gains tax immediately or reinvest the money in a new primary residence for themselves. This will have the effect of deferring the tax liability.

The spouses might also agree for one of the two to acquire the property outright. In this instance, the person retaining the property must compensate the other in the amount of CHF 500,000, equating to half the capital gain (CHF 1 million), since the property purchase was financed using income accrued during the marriage. This compensation can be netted against other assets under the divorce settlement. The transfer of title takes place concurrent with the divorce ruling.

As part of the settlement, taxation of the realised capital gain by the spouse transferring ownership can be deferred as long as both parties agree to this. Where such an agreement is lacking, the transfer of title will immediately trigger a tax liability on the transferring spouse. Deferring the capital gains tax has several advantages: for the spouse transferring their interest, the transfer means not having to free up cash to pay the tax bill; for the spouse taking full ownership, the realised capital gain will be taxed at a lower rate at some future point in time, because the tax rate on property declines the longer the property is owned.



If title in the real property is transferred from one spouse to the other, a transfer tax may be payable by the acquiring spouse. Thankfully, most cantons apply an exemption or, at least a reduced rate, if the transfer is part of a divorce settlement.

Using real property for in-kind maintenance payments

It may be that transfer of title in the real property does not take place, and one of the two spouses continues to reside in the property, often with the children.

The granting of a property for this use – preferably secured through a usufruct (granting beneficial ownership) or a right of habitation – may be treated as an in-kind maintenance contribution to be incorporated into the court-approved divorce settlement. The value of this usage right is generally determined by the property's rental value. The tax implications of such an arrangement are multiple.

Maintenance payments are taxable income for the former spouse and for any children who receive them, while the person making the payments (the property owner) can deduct them from their taxable income. It is important to show separately the share that goes to the children and the share that goes to the former spouse. Once the children reach adulthood, the payments made to them can no longer be deducted for tax purposes.

In addition, the maintenance agreement must specify who is financially responsible for property upkeep and mortgage payments. Possible tax relief should also be reviewed in light of the rights of use that have been assigned.

Transferring or selling real property in connection with a divorce triggers several externalities, especially on the tax front. Everyone's circumstances are different, so it is vital to consult a specialist if ever required.

Watch the video
(in French) on our website
bonhote.ch/analyse-en



This video was produced in collaboration with *Le Temps*

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Latest news from the Bonhôte Bank



Bonhôte expands regional private banking teams

Bonhôte is delighted to welcome Stéphanie Guillod to its Neuchâtel head office as a client advisor. In Geneva, the team has also been strengthened by the arrival of Pablo Darbellay as Regional Head of Private Clients. These appointments underscore Bonhôte's commitment to reinforcing its regional presence and wealth management capabilities.

Find out more: bonhote.ch/pb



Encouraging results from the Bonhôte-Immobilier SICAV

The net assets of the SICAV broke through the billion barrier for the first time. Net profit rose by 11% and the dividend was increased by 2%.

Not far from 75% of shareholders took their dividends in the form of new units, as opposed to a cash dividend – a testimony to their confidence in the fund's prospects.

Find out more (in French): bonhote.ch/rapport-bim



Swiss Impact Forum

As part of our continuing dedication to ESG issues, we are pleased to announce that Bonhôte – a certified B Corp since 2020 – has been named principal partner of the Swiss Impact Forum.

This event, to be held in Bern on 12 November, will focus on the theme of *Moving from impact to lasting prosperity*.

Find out more: bonhote.ch/swiss-impact-forum-en

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