

Extension of the loss carry-forward period from seven to ten years

The period for carrying forward losses will be extended from seven to ten years.

In December 2025, Parliament passed the Federal Act on the Extension of Loss Carry-forward following the submission of a motion in 2021. The referendum period has since expired on 17 April 2026 without being utilised. The date of entry into force is yet to be determined by the Federal Council (no later than 1 January 2028).

The measure is intended, in particular, to facilitate the recovery of businesses affected by the pandemic. In addition, newly established companies with a longer start-up phase are expected to benefit.

The extension of the loss carry-forward period applies to self-employed individuals for income tax purposes and to legal entities for corporate income tax purposes at the level of direct federal tax as well as at the level of cantonal and municipal taxes. The extended loss carry-forward applies to tax loss carry-forwards from the 2020 tax period onwards.

If a company has offset losses from a foreign permanent establishment against domestic profits, the period for the subsequent inclusion of profits from foreign permanent establishments will also be extended from seven to ten years for losses arising from the 2020 tax period onwards.

In an international comparison, Switzerland's previous seven-year limit for loss carry-forward represented a rather restrictive regime. In many European countries, although loss carry-forward is permitted without a time limit, it is often subject to restrictions on the amount, which ensure a minimum level of taxation. This change now at least brings Swiss rules closer to those of neighbouring countries.

In Switzerland, loss carry-forward remains possible for an unlimited period in the case of taxable restructuring payments.

Should you have any further questions, the Tax Partner Team will be happy to assist you.

If you have any questions on this subject, please contact your Tax Partner representative or the authors:



Monika Bieri
Partner
monika.bieri@taxpartner.ch
044 215 77 34



Oliver Jäggi
Counsel
oliver.jaeggi@taxpartner.ch
044 215 77 41

Publication date: 20.04.2026