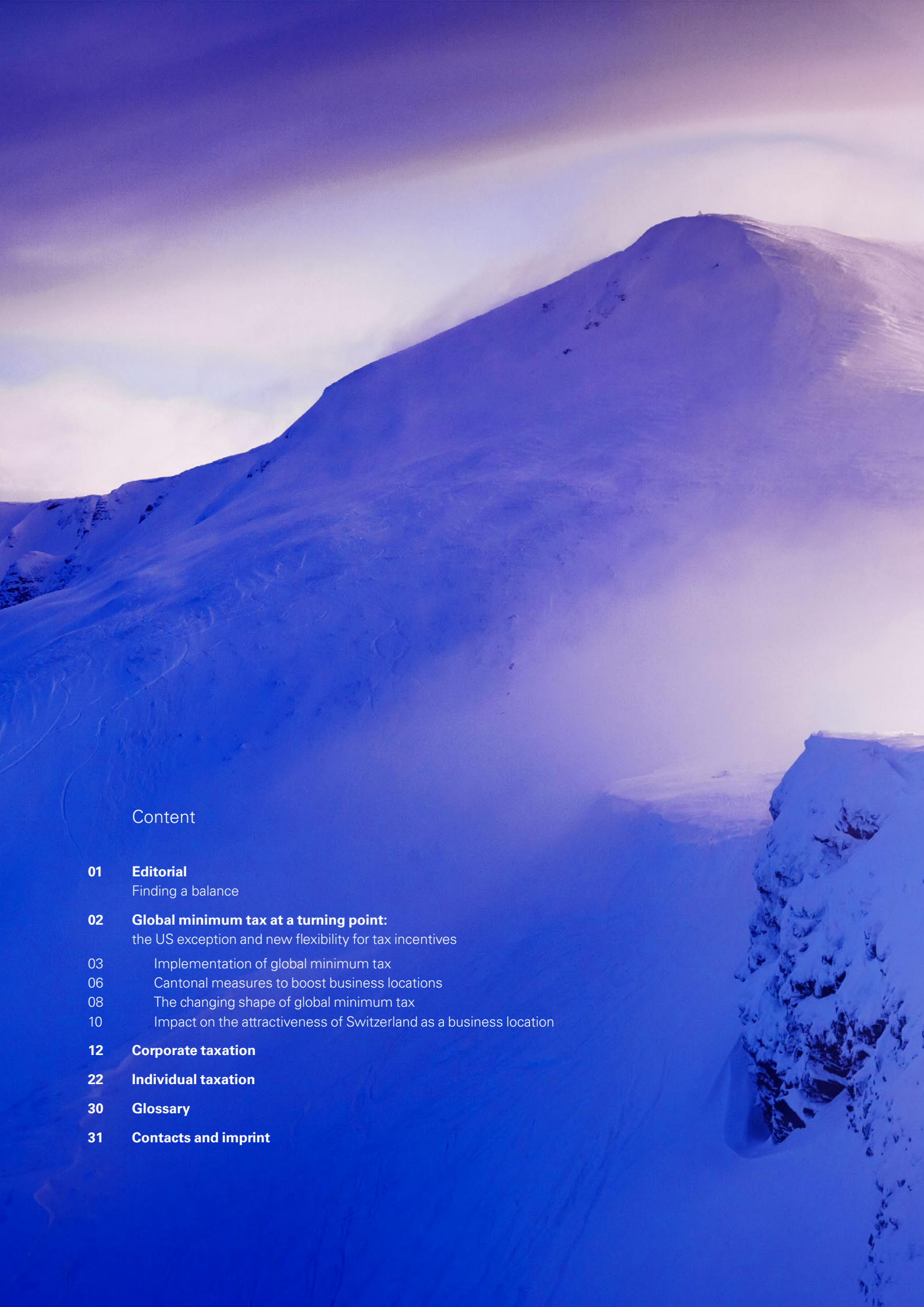


The background of the page is a photograph of a snowy mountain range. The sky is a mix of blue, purple, and orange, suggesting a sunrise or sunset. Two small figures of people are visible on the mountain ridges, one on the left and one on the right. The overall mood is serene and majestic.

Clarity on Swiss Taxes

Finding a balance

Switzerland weighs up its options
in this time of transition



Content

- 01 Editorial**
Finding a balance
- 02 Global minimum tax at a turning point:**
the US exception and new flexibility for tax incentives
 - 03 Implementation of global minimum tax
 - 06 Cantonal measures to boost business locations
 - 08 The changing shape of global minimum tax
 - 10 Impact on the attractiveness of Switzerland as a business location
- 12 Corporate taxation**
- 22 Individual taxation**
- 30 Glossary**
- 31 Contacts and imprint**



Photo by Daniel Hager

Finding a balance

Last year, unpredictability dominated the tax and business landscape. Now, this is coupled with unease as geopolitical turbulence fuels commodity price volatility and the stability of Europe's supply chains hangs in the balance. Recent events have highlighted how heavily European industries rely on external sources, making them susceptible to market shocks and supply disruptions. I believe this dependency underscores a pressing need for strategic diversification and resilience planning within Europe.

In this increasingly complex environment, Swiss businesses are being forced to adapt their strategies, especially in light of challenges posed by the strong Swiss franc and tariffs in the US. The interplay between currency strength and trade barriers is intensifying the pressure on Switzerland's economic landscape and many companies are struggling to manage rising operational costs and remain competitive in the export market.

Switzerland is not alone. Businesses the world over are feeling the effects of ongoing geopolitical tensions, which are also a contributory factor in growing state deficits. As a result, initiatives like BEPS Pillar 2 are likely to remain in place, although some adaptations – such as negotiating side-by-side agreements – may be necessary to accommodate the US. These fiscal and regulatory shifts reflect broader efforts to address tax base erosion and profit shifting while balancing international interests.

Amid the disruption and uncertainty, I personally remain confident about the future. We're witnessing first-hand the transformative effects of a new industrial revolution. Digitalization, (generative) artificial intelligence and robotics are reshaping industries across the board, including taxation. As tech advances, tax authorities and companies alike must navigate evolving compliance requirements and operational models in a future where automation and data-driven insights become central to tax administration.

Let's be positive for now and prepare for what's next.

Stefan Kuhn

Partner, Head of Tax & Legal,
Member of the Executive Committee KPMG Switzerland

01

Global minimum tax at a turning point: the US exception and new flexibility for tax incentives

The BEPS 2.0 project, adopted on 8 October 2021 by over 130 countries within the OECD/G20 Inclusive Framework, was further developed and implemented over the past year, especially with regard to Pillar Two, which introduces a global minimum tax rate of 15%.

Corresponding regulations have now come into force in around 60 countries. However, current developments, particularly in relation to the US, are triggering new changes and, as a result, uncertainties, potentially influencing the further course and long-term stability of this international tax reform.

Author

Olivier Eichenberger Director International Corporate Tax

1

Implementation of global minimum tax

The OECD provides a set of rules enabling (but not requiring) countries to adopt various tax regimes that support implementation of global minimum tax. The idea is to create a global network through application of these rules, ensuring that in-scope companies are taxed at the intended and uniformly determined minimum tax rate of 15%, even if individual countries do not adopt global minimum tax.



1.1 Implementation in Switzerland

Switzerland already introduced minimum tax through the qualified domestic minimum top-up tax (QDMTT) effective 1 January 2024, followed by the income inclusion rule (IIR) – an international top-up tax – as of 1 January 2025. In contrast, there are no plans for the time being to introduce the undertaxed payment rule (UTPR). At the same time, Switzerland is a signatory of the *Multilateral Competent Authority Agreement on the Exchange of GloBE Information (GIR MCAA)*. This agreement is intended to make it easier for affected multinational enterprises (MNEs) to meet their reporting obligations in the context of global minimum tax by allowing the relevant information, as defined by the Globe Information Return (GIR), to be submitted centrally to a single country in future. During the transitional phase until

this exchange network is sufficiently mature, MNEs will likely have to submit their information to several countries. Switzerland has been applying the agreement provisionally since 1 January 2026 and intends to ratify it following final approval (once the referendum period expires in early July 2026). International exchange is expected to be implemented as planned once this process is concluded.

For the first applicable year, 2024, the (first) local supplementary tax returns must be submitted by 30 June 2026 – as must the GIR. Only then will a clear picture emerge of revenue generated from top-up taxes. This additional revenue will be the main source of funding for the cantons' local policy measures.

In addition to the new top-up taxes at the federal level, which are assessed by the cantons, several cantons have adjusted their corporate income tax rates in line with global minimum taxation. Following increases in Geneva and the introduction of progressive rates in Schaffhausen and Vaud, Basel-Stadt has now also temporarily raised the tax burden for large companies from 13.04% to 14.53% on profits exceeding CHF 50 million, effective from 2026. These adjustments are intended to bring the effective corporate income tax rate closer to the minimum tax of 15%, thereby reducing top-up taxes. The changes are also financially advantageous for the cantons, as additional revenues from tax hikes remain entirely within the canton, while a portion of federal top-up taxes must be remitted to the federal government.



1.2 Implementation in other countries

Of the more than 130 countries that agreed to the OECD/G20's Pillar Two project, 60 have introduced minimum taxation rules so far. Compared to 2025, new countries in 2026 include Israel, Montenegro and Nigeria.

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>DMTT (2024)</p> <ul style="list-style-type: none"> • Australia • Austria • Bahamas • Barbados • Belgium • Bulgaria • Canada • Croatia • Czech Republic • Denmark • Finland • France • Germany • Gibraltar • Greece • Hungary • Ireland • Italy • Liechtenstein • Luxembourg • Montenegro • Netherlands • North Macedonia • Norway • Portugal • Romania • Slovakia • Slovenia • South Africa • Spain • Sweden • Switzerland • Turkey • UK • Vietnam | <p>DMTT (2025 – Continued)</p> <ul style="list-style-type: none"> • Kenya • Kuwait • Malaysia • Mauritius • Poland ^[3] • Qatar • Singapore • Thailand • United Arab Emirates • Uruguay | <p>IIR (2025 – Continued)</p> <ul style="list-style-type: none"> • Malaysia • New Zealand ^[2] • Poland ^[3] • Qatar • Singapore • Switzerland • Thailand |
| <p>DMTT (2025)</p> <ul style="list-style-type: none"> • Bahrain • Brazil • Curaçao • Cyprus • Guernsey • Hong Kong • Indonesia • Isle of Man | <p>Intention to apply DMTT</p> <ul style="list-style-type: none"> • Botswana • Iceland (2026) • Israel (2026) • Jamaica • Japan (2026) • Lithuania (2026) • Nigeria (2026) • Puerto Rico • South Korea (2026) • Ukraine | <p>Intention to apply IIR</p> <ul style="list-style-type: none"> • Estonia (2030) • Japan (2026) • Latvia (2030) • Lithuania (2026) • Malta • Mexico • Nigeria (2026) • Slovakia |
| | <p>IIR (2024)</p> <ul style="list-style-type: none"> • Australia • Canada • EU ^[1] • Japan • Liechtenstein • North Macedonia • Norway • South Africa • South Korea • Turkey • UK • Vietnam | <p>UTPR (2025)</p> <ul style="list-style-type: none"> • Australia • Canada • EU ^[1] • New Zealand • North Macedonia • Norway • South Korea • Thailand • Turkey • UK |
| | <p>IIR (2025)</p> <ul style="list-style-type: none"> • Curaçao • Gibraltar • Guernsey • Hong Kong • Indonesia • Isle of Man • Jersey | <p>Intention to apply UTPR</p> <ul style="list-style-type: none"> • Estonia (2030) • Hong Kong • Indonesia (2026) • Japan (2026) • Latvia (2030) • Liechtenstein • Lithuania (2026) • Malaysia • Malta • Mexico • Singapore • Slovakia • Switzerland |

^[1] Option to defer implementation to 31 December 2029 in case of max. 12 UPEs

^[2] Domestic IIR from 2026

^[3] Option for groups to apply the rules retroactively from 2024

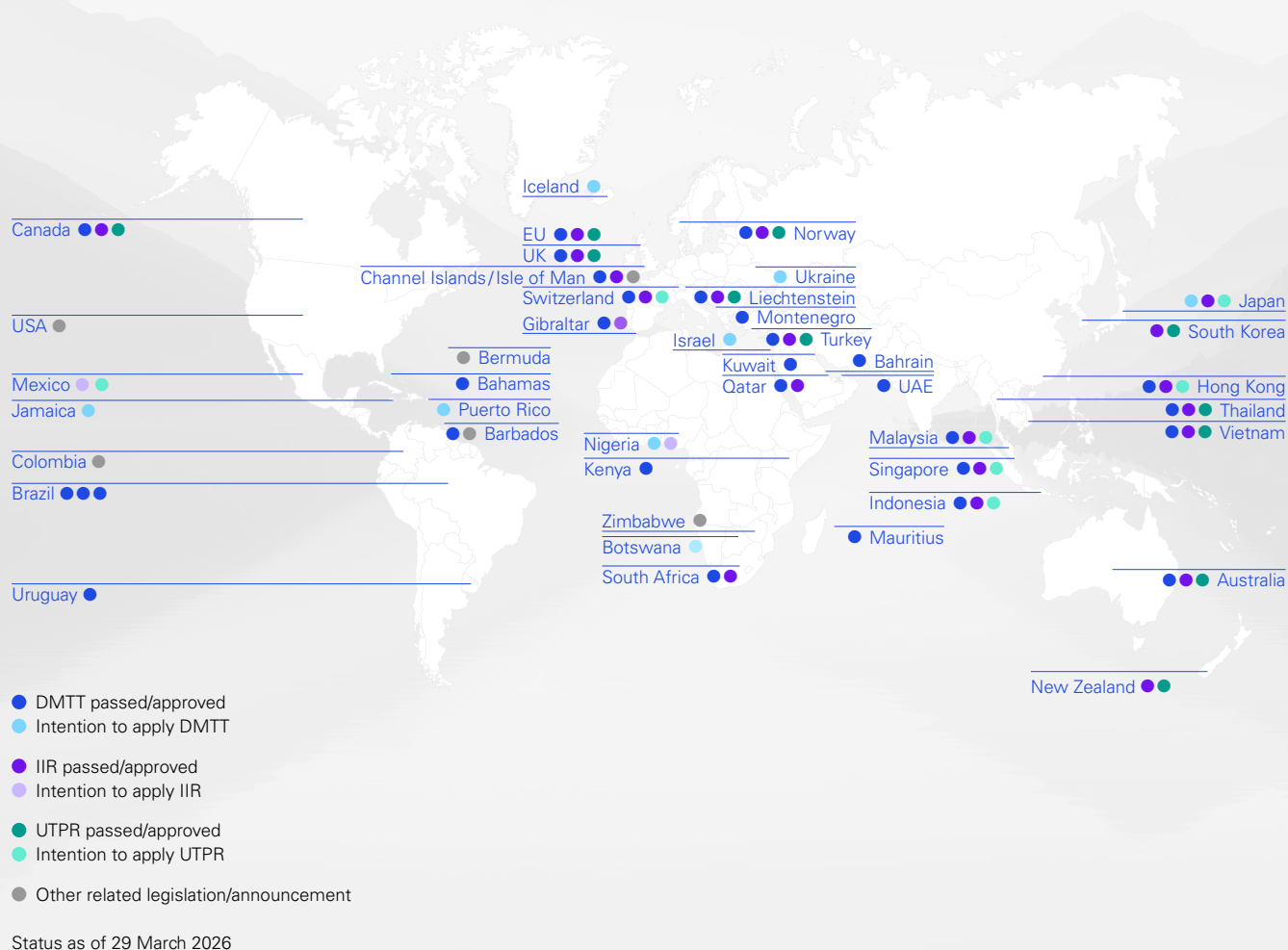


Figure 1
Pillar Two – global overview

It is also unclear whether and, if so, when key elements of the global minimum taxation will be implemented in major economies such as China and India. The US has spoken out against adoption and is instead pursuing a side-by-side approach. Whether global minimum taxation can become firmly established hinges on whether these key countries participate in future. Until they do, MNEs may avoid paying minimum tax, especially if their activities are limited to these countries or if the UTPR is not applied (as is the case with the Side-by-Side System in particular).

2 Cantonal measures to boost business locations

Changes to the regulatory framework brought about by global minimum taxation have prompted some cantons to launch initiatives aimed at enhancing their attractiveness as business locations. These include introduction of qualified refundable tax credits (QRTCs) or subsidies. Cantons that have already implemented such measures or are in the course of doing so are Grisons, Basel-Stadt, Zug, Lucerne and also Schaffhausen. Discussions are ongoing in other cantons, but no measures have been announced as yet. Basically, Cantons have designed their measures to be as flexible as possible and are prepared to make swift adjustments, as further OECD guidelines in this incentives area are expected.



2.1 Canton of Grisons

The canton of Grisons was the first to propose concrete measures and to enact them into law. QRTCs were introduced with the aim of promoting value-adding projects within the canton, strengthening R&D and contributing to environmental sustainability. The credits can be worth up to 25% of eligible expenses and are primarily offsetable against tax liabilities. Any surplus may be paid out within four years. Support for value-adding activities is aimed at companies that invest, expand, establish new sites or create jobs in the canton. In the area of R&D, the incentive focuses on employment and investment in innovative processes. To enhance environmental sustainability, the credits support projects that contribute to a circular economy, reduce greenhouse gas emissions and are aligned with the "Green Deal for Grisons." No final implementing regulations have entered into force yet (as of April 2026).



2.2 Canton of Basel-Stadt

The measures introduced in 2025 to strengthen the region provide for funding initiatives in the areas of innovation and society. They focus on support for R&D activities, as well as for related investments and projects in the canton and north-western Switzerland, including clinical trials conducted in Switzerland. Certain activities, particularly those relating to existing patents, may be eligible for increased support. A fund of CHF 150–500 million per year has been established, of which 80% is allocated to innovative projects. The competent authorities are responsible for determining what form the funding instruments (such as QRTCs or grants) should take.



2.3 Canton of Lucerne

In March 2026, the Cantonal Council of the Canton of Lucerne approved an amendment to the Act on Economic Development and Regional Policy in order to introduce non-fiscal location incentives. A key instrument is the Lucerne Innovation Grant*, which is intended to promote basic research, industrial research and experimental development. According to the consultation draft, this instrument should ensure that product, service and process innovations, including for digital products, processes and services, are appropriately considered. Innovation-related functions, including the development, enhancement, maintenance, protection and exploitation of intangible assets (DEMPE functions), should also be taken into account, together with the related essential support functions such as administration, human resources, finance, legal, strategic procurement and IT/digitalization. Intangible assets may also include assets not subject to mandatory registration in an official register. The proposal provides for a maximum funding rate of 35%. However, it will first be put to a referendum, which is scheduled for 27 September 2026. If approved, entry into force is planned for 1 October 2026.



2.4 Canton of Zug

Since 1 January 2026, there have been two key funding schemes for companies in the canton of Zug: one for sustainability and one for innovation. Sustainability funding is aimed at companies that measurably reduce their CO₂ emissions across the value chain. Key requirements include a total reduction of at least 50,000 tonnes of CO₂, the avoidance of offsetting, and personnel expenses in the canton of Zug of at least CHF 1.5 million. Eligible companies receive up to CHF 30 per tonne of CO₂ saved per year. The savings must be verified by audited reports or a greenhouse gas inventory. Innovation funding primarily supports R&D (or innovation) and clinical trials in Switzerland. Funding is available for basic research, applied industrial research (further development of products or improvement of production processes),

experimental development (e.g. product improvements or new/improved production processes), as well as activities related to the development, acquisition, enhancement, maintenance, protection and exploitation of intangible assets and similar rights. Grants amount to 25% of eligible costs, with particular consideration given to personnel costs for R&D and a flat-rate supplement of 35% for infrastructure. Grants are only paid out if the company becomes eligible for a minimum total amount of CHF 7,500 per year. If, owing to the number of applications, the maximum annual funding volume of CHF 150 million (for 2026 to 2028) is exceeded, the grants may be reduced on a pro rata basis; furthermore, a maximum amount per company may be set. Applications for a given funding year must be submitted by no later than 31 May of the second year following the relevant financial year and must include audited annual financial statements and other supporting documentation. If the application is approved, payment will be made in the same (funding) year.



2.5 Canton of Schaffhausen

The canton of Schaffhausen is making targeted adjustments to its location policy in the context of implementing global minimum taxation, with greater emphasis placed on non-fiscal measures. Efforts focus on expanding the Economic Development Act, in particular to support innovation and applied research as part of individual companies' innovation projects. The credit line for individual company support measures is to be increased from CHF 20 million to CHF 50 million for the period 2027–2037, with around CHF 3 million annually earmarked to promote applied research and innovation. Measures are primarily aimed at innovative, profitable companies with a substantial economic footprint in the canton, particularly in the field of R&D. Support is intended for companies that contribute to value creation and are active in areas such as innovation, digitalization, sustainability, education and employment. In particular, innovation projects and applied research – including those in cooperation with universities – as well as investments in digital skills, innovation infrastructure and sustainable projects are set to benefit. With minimum tax now a reality, the canton of Schaffhausen is seeking to secure and enhance its competitiveness through substance-based incentives.

* Luzerner Innovationsbeitrag

3 The changing shape of global minimum tax

Since the new US Administration took office in January 2025, various initiatives have been launched relating both to BEPS 2.0 and other aspects of location policy. In this context, the US administration has explicitly spoken out against the OECD's global minimum tax and asked for exemption. To this end, an agreement was reached with the OECD/G20 Inclusive Framework through the Administrative Guidance issued in January 2026.



3.1 US side-by-side approach

The agreement introduces a side-by-side safe harbor designed to allow the US tax system to coexist alongside the OECD minimum tax regime, without requiring US-parented groups to be fully subject to the GloBE mechanisms. This means that the existing US minimum tax system will continue to operate alongside the OECD Pillar Two regime. In other words, two different minimum tax systems will apply in parallel, but US groups will be exempt from the OECD minimum tax rules (excluding QDMTT). The aim of safe-harbor rules is to prevent other countries from exercising taxing rights over US companies. Specifically, all companies within a group with an ultimate parent company in the US are exempt from the IIR and UTPR. However, individual countries may still apply the QDMTT. This effectively creates an asymmetrical regulatory landscape in which not all major economic areas apply the same regulatory framework.

3.2 Greater flexibility in the treatment of tax incentives

The Administrative Guidance (Side-by-Side Package) further refines the treatment of tax incentives. The guidance makes a greater distinction between tax benefits that are strongly connected to economic substance and those that merely serve to artificially reduce the tax burden. In this context, substance-based incentives are becoming increasingly important, particularly those that promote investment, employment and R&D. These qualified tax incentives (QTIs) receive preferential treatment under the global minimum tax framework, as they are not primarily aimed at profit shifting. Specifically, such incentives can reduce the (local) tax burden without necessarily triggering a top-up tax, whereas traditional tax incentives lacking a connection to economic substance are largely neutralized under the global minimum tax rules. This is achieved by recognizing the tax-reducing effect of such a QTI as a covered tax expense when calculating the effective tax rate for global minimum tax purposes. This does not eliminate tax competition altogether, but instead channels it more deliberately toward economic substance. Countries such as Switzerland should design their tax instruments accordingly and make use of this newly available flexibility.

3.3 Simplified ETR safe harbor

The Inclusive Framework on BEPS also took the opportunity in the Administrative Guidance to introduce the simplified ETR safe harbour (SESH). This is a simplified mechanism for assessing, on a jurisdiction-by-jurisdiction basis, whether taxes of at least 15% have been paid on profits. For this purpose, simplified income and simplified taxes are determined in order to determine a simplified effective tax rate (ETR). If this ETR is at least 15%, no top-up tax applies; if it falls below 15%, the normal GloBE Model Rules apply for the calculation of top-up taxes. Although the SESH is based on existing group and CbCR data, numerous adjustments are still required, meaning that it still involves a high administrative burden. In addition, the Simplified ETR is often lower than under the regular rules, meaning that the Safe Harbor is likely to provide only limited relief.

The SESH only applies if there was no top-up tax liability in the past 24 months. It generally applies to fiscal years that commence on or after 31 December 2026, although individual jurisdictions may allow its application to fiscal years that commence on or after 31 December 2025. Switzerland also intends to make use of this option.

Overall, the Side-by-Side Package shows that the Pillar Two regime is evolving from a purely harmonizing minimum tax system into a framework that continues to allow national tax competitiveness instruments, provided they are designed in an internationally compatible manner. At the same time, global implementation will remain fragmented as long as major economic regions continue to pursue different tax approaches. As a result, international tax competition will not be eliminated – but instead reshaped.

3.4 Adoption by Switzerland

Switzerland implements the OECD global minimum tax on the basis of a constitutional provision and the Minimum Taxation Ordinance. The Ordinance provides for the GloBE Model Rules on top-up taxes to apply in Switzerland either directly or mutatis mutandis. The Minimum Taxation Ordinance further requires that the GloBE Model Rules be interpreted in accordance with the accompanying Commentary and related guidance issued by the Inclusive Framework. Switzerland therefore incorporates such administrative guidance on a dynamic and ongoing basis. As a result, this Side-by-Side Package also applies in Switzerland without the need for any amendment to the Minimum Taxation Ordinance.

Guidance issued by the Swiss Federal Tax Administration (Communication dated 7 April 2026) confirms this dynamic incorporation in relation to the Side-by-Side Package, as well as the Administrative Guidance of 13 January 2025 (the so-called Integrity Rule). This includes exercising the option to apply the SESH already to fiscal years commencing on or after 31 December 2025.

This practice is, however, not without controversy. Two parliamentary motions adopted in December 2025 call for greater legal certainty in relation to the adoption of the rules set out in the Administrative Guidance of 13 January 2025 (concerning deferred tax assets in connection with tax benefits granted after 30 November 2021), in particular by excluding retroactive effects, as well as greater tax policy flexibility in the implementation of global minimum tax. The Swiss Federal Council had opposed the motions and pointed to risks such as the possible loss of the qualified status of the Swiss top-up tax as well as increased legal uncertainty. Now the motions have been adopted, the Swiss Federal Council is required to assess which corresponding amendments to the global minimum tax framework are needed and has initiated a consultation proceeding. This underlines the ongoing political contention around how such administrative guidance is implemented. Current administrative practice also raises fundamental legal questions, including whether the relevant administrative guidance constitutes merely interpretative guidance or a substantive amendment to the GloBE Model Rules, and how retroactive effects should be addressed. It remains to be seen how a Swiss court might rule on this practice.

In its Communication dated 7 April 2026, the Swiss Federal Tax Administration emphasizes, in relation to the Administrative Guidance of 13 January 2025 (Integrity Rule), that the Administrative Guidance remains applicable under current law and until the Swiss Federal Council decides on any potential amendment to the Minimum Taxation Ordinance. Accordingly, companies must comply with the relevant rules in their top-up tax returns, which in most cases are due by 30 June 2026, in particular the grace period limitation in relation to relevant deferred tax assets. The Swiss Federal Tax Administration also requires companies to include a note in the comments section of the top-up tax return if their effective tax rate has been reduced as a result of the grace period limitation. In such cases, the cantonal tax authorities will not issue final assessment notices until the resolution of the Swiss Federal Council. It is not yet clear how the Swiss Federal Council will decide on this matter.

4 Impact on the attractiveness of Switzerland as a business location

In these times of constant change, Switzerland needs to be particularly vigilant about how the broader landscape and situation in other countries are evolving – and how these developments affect its own attractiveness as a business location. Switzerland should strive to remain as flexible as possible in order to respond quickly to emerging trends.



4.1 Strategic options for Switzerland

Switzerland only has limited room for maneuver within the OECD global minimum tax framework. The OECD does not permit “conditional top-up tax,” i.e. the levying of the QDMTT only on companies that would otherwise be subject to top-up taxation abroad (under the IIR or UTPR), but not on constituent entities of a US group. Switzerland must therefore continuously assess, based on international developments (in particular how other countries respond), whether to levy the QDMTT and thereby secure tax revenues domestically where the OECD global minimum tax applies. Alternatively, it could waive the QDMTT entirely, which would increase its attractiveness as a business location for US groups, but would also mean foregoing tax revenues from other low-taxed groups, which would then be collected by other jurisdictions.

In addition, qualified tax incentives (QTIs) provide additional flexibility within the system. For example, the additional R&D tax deduction is likely to qualify as a QTI and could therefore be used more widely and in a more tax-efficient manner. Other existing tax instruments could also potentially be strategically adapted, or new instruments introduced, in order to preserve Switzerland’s attractiveness as a business location even amid the reality of global minimum tax.

4.2 Risks

The Side-by-Side System may pose risks to Switzerland as a business location, in particular that companies may restructure or relocate some of their activities abroad. In certain situations, inversions to the US could also become more attractive, allowing a group to benefit from the relevant exemptions, although the corresponding US rules would then also apply. It remains to be seen whether, and to what extent, such developments materialize and what their impact will be (e.g. an outflow of tax revenues and economic substance). To mitigate these risks as far as possible, Switzerland should strategically enhance its attractiveness as a business location through the tax measures already available to it, as well as through stronger non-tax framework conditions.

4.3 Conclusion and recommendation

Against the current backdrop, it seems sensible to retain existing instruments such as QDMTT and IIR in order to safeguard the tax base in Switzerland. At the same time, the country should closely monitor international developments and be flexible in adapting its regulations where necessary. In this context, the targeted use of qualified tax incentives (QTI), as well as grants or QRTCs, is of particular importance, especially in the field of R&D. The additional R&D tax deduction could gain renewed significance in this context, even if its impact is somewhat limited. It might be worth examining whether the scope of this deduction could be increased.

The Side-by-Side Package is likely to stabilize international minimum taxation in the short term. How the system develops in the long term, however, depends on how countries and companies respond to the new framework conditions. In particular, it remains to be seen whether other countries will introduce similar models or adapt their existing regulations. It is also unclear whether the OECD's planned simplifications will actually lead to a noticeable reduction in the compliance burden on companies (particularly in terms of tax administration).

For Switzerland, these developments present both challenges and opportunities. Additional regulations and simplifications can broaden leeway and increase planning certainty. As minimum taxation is currently governed by a Federal Council ordinance, Switzerland has the advantage of being able to adapt swiftly to international developments, thereby specifically enhancing its attractiveness as a business location. However, other components of the overall tax system must also be taken into account and adjusted where necessary.

02

Corporate taxation

Average corporate income tax rates in Switzerland have increased slightly compared to the previous year, from 14.40% to 14.43%. With a tax rate of 11.66%, Lucerne now offers the most attractive income taxes in the cantonal comparison, surpassing Zug (11.71%). The canton of Bern once again occupies the top spot, followed by Zurich and Valais. There were isolated (modest) tax rate reductions in the cantons of Aargau, Jura, Lucerne, Schwyz and Zug, while the canton of Basel-Stadt raised its tax rate (on higher profits) by 1.49 percentage points. This increase should be viewed in light of global minimum taxation. There were also smaller tax rate increases in Glarus and Solothurn.

In a European comparison, the cantons of Central Switzerland remain competitive, even outperforming low-tax countries such as Ireland and Cyprus, which raised its tax rate from 12.5% to 15%. Various countries in Northern, Western and Southern Europe feature once again among the frontrunners, with no major changes observed in European countries. Lithuania has raised its tax rate by one percentage point.

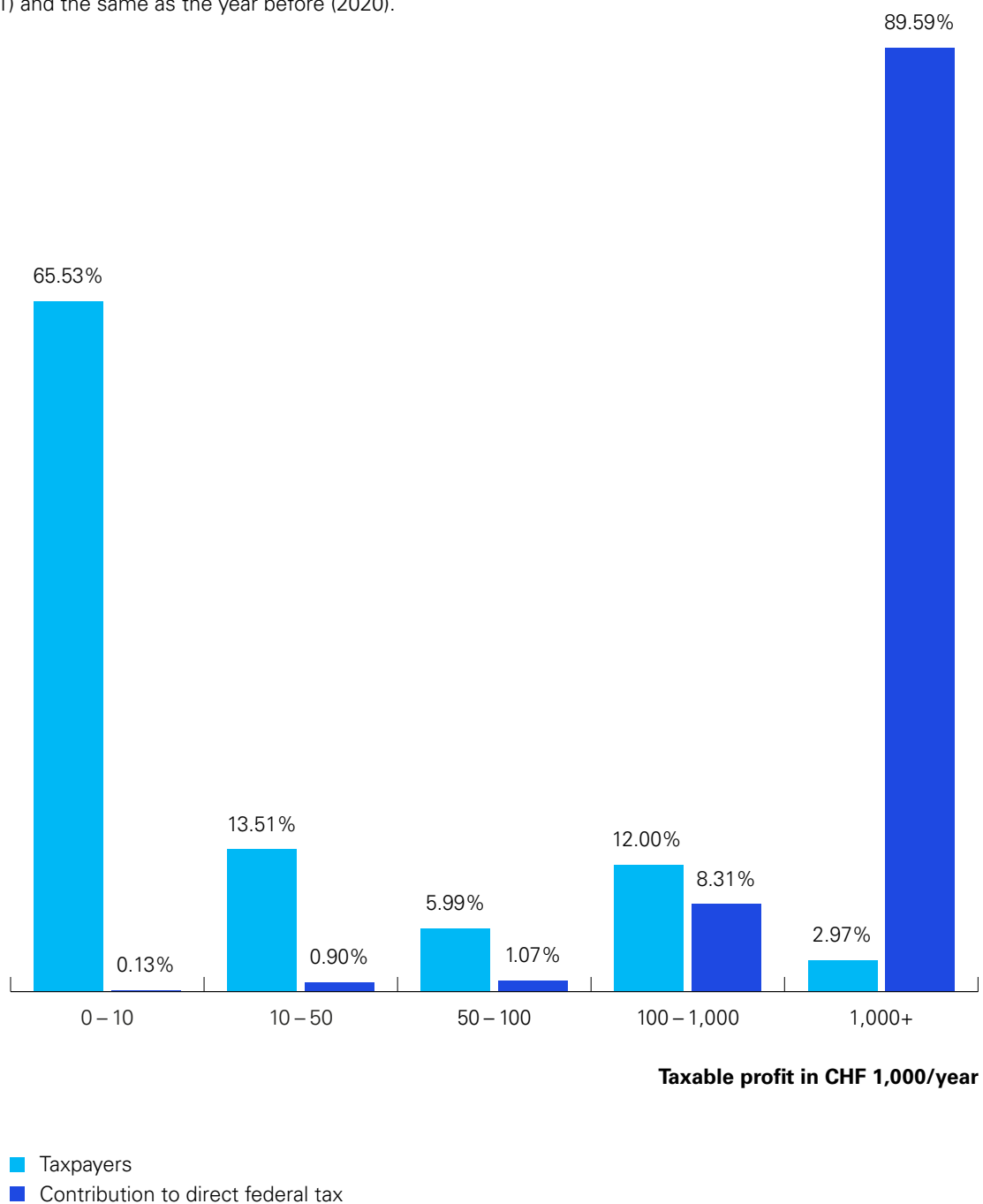
Globally, traditional offshore domiciles remain the most attractive in terms of tax rates and the year-on-year comparison shows a largely stable picture: corporate income tax rates have changed only marginally, with the exception of South Korea, where the rate was raised by one percentage point.

Corporate income tax

Contribution to tax revenue

according to SFTA tax statistics 2021, direct federal tax

While around two-thirds of public limited companies (AG/SA) and limited liability companies (GmbH/Sàrl) pay almost no direct federal tax, 2.97% of public limited companies and limited liability companies shoulder 89.59% of the direct federal tax burden. This is an increase of 1% on the previous year (2021) and the same as the year before (2020).

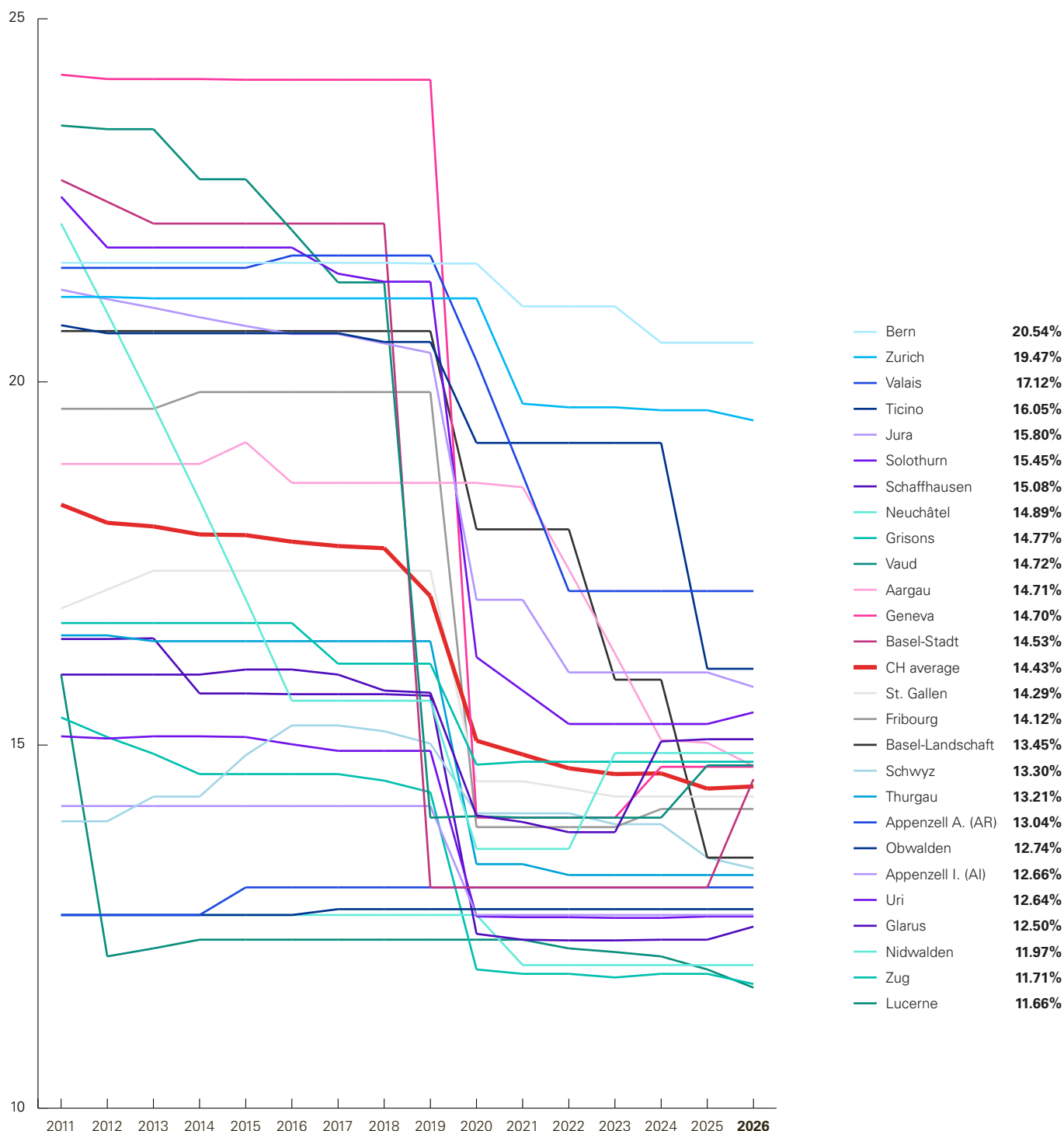


Corporate tax rates in the cantons

Trend from 2011 to 2026

Numerous tax rates have already been reduced in the past as part of the TRAF corporate tax reform. Individual cantons reduced their tax rates marginally between 2025 and 2026 (Aargau, Jura, Lucerne, Schwyz, Zug und Zurich). Now Lucerne has the lowest tax rate, replacing Zug at the top.

In contrast, the canton of Basel-Stadt raised its tax rate (on higher profits) by 1.49 percentage points in connection with global minimum taxation. There were smaller tax rate increases in the cantons of Glarus and Solothurn. The average tax rate in Switzerland remains virtually unchanged.

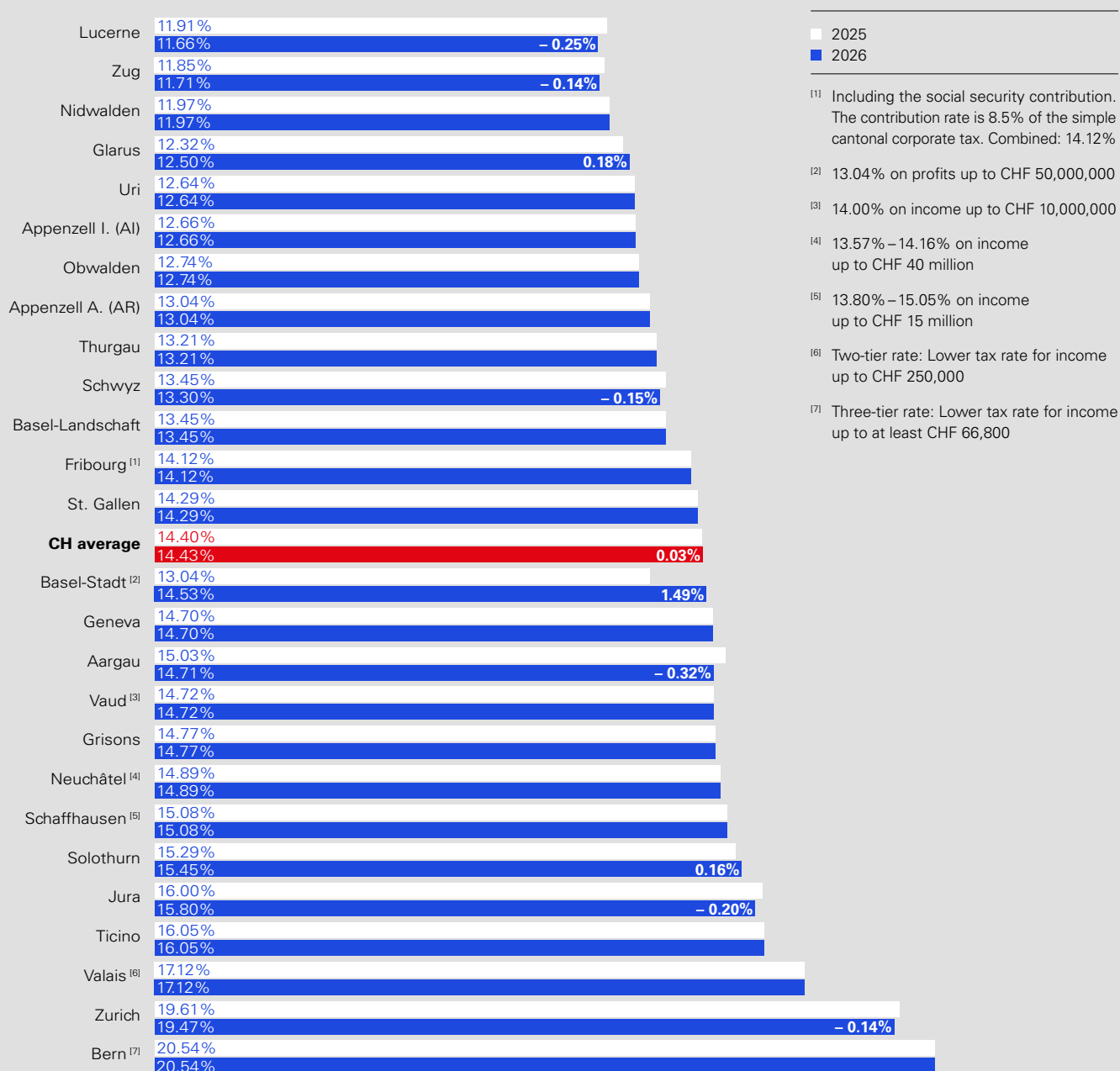


Note: Max. effective pre-tax rate for federal/cantonal/municipal taxes in the relevant cantonal capital. Corporate tax multipliers for FR and SO for 2025
Source: KPMG Switzerland

Corporate tax rates in the cantons 2025 and 2026

Following many tax reductions in previous years as a result of the TRAF corporate tax reform, there were only isolated tax rate cuts from 2025 to 2026. The largest relative reduction (by 0.3 percentage points) was in the canton of Aargau, while the canton of Basel-Stadt saw the largest increase in the tax rate. The trend of TRAF-related tax cuts has been over since 2025. Since then, only slight increases in tax rates are expected, this time in connection with global minimum taxation.

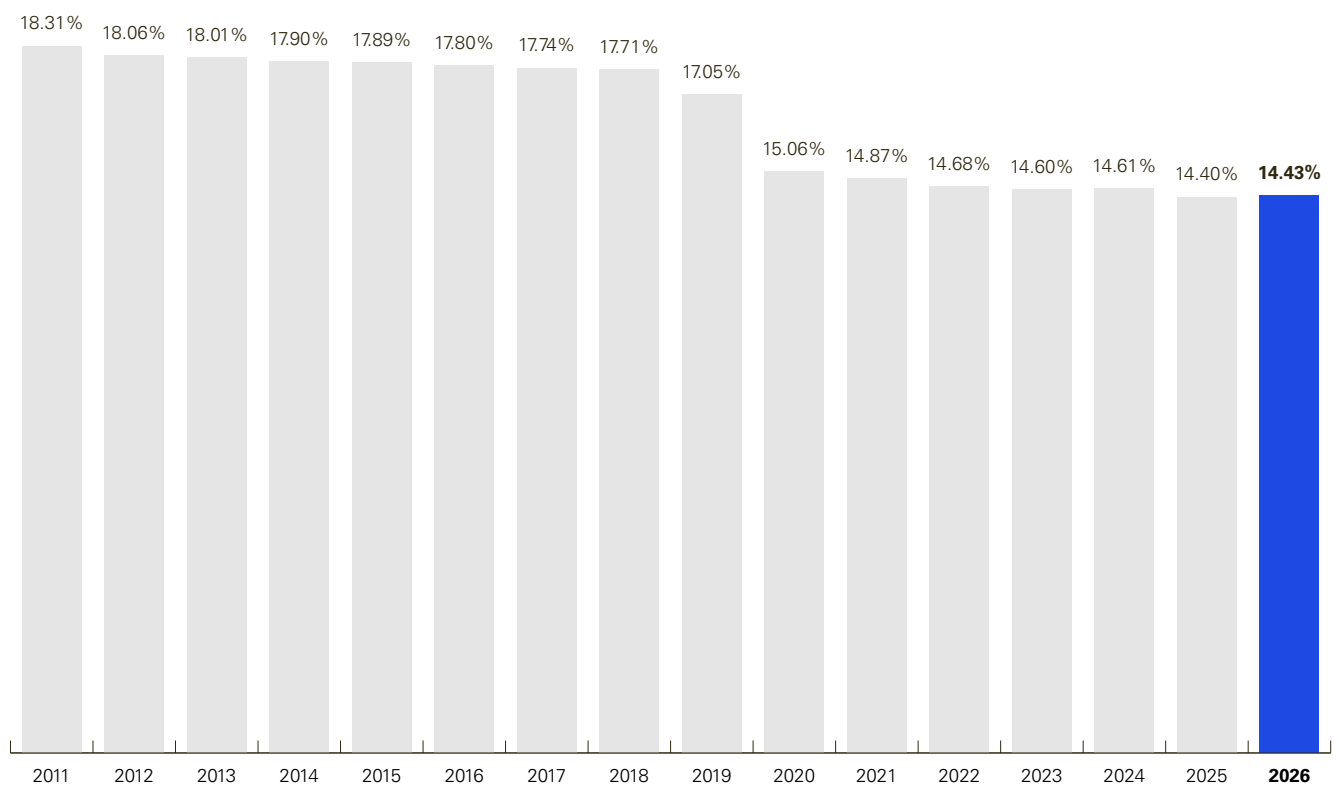
Also in 2026, there were isolated slight increases in tax rates as part of the adjustment to the global minimum taxation. The Canton of Basel-Stadt recorded the largest increase in the tax rate from 2025 to 2026. Further moderate tax increases in the coming years cannot be ruled out.



Corporate tax rates in the cantons

Trend from 2011 to 2026

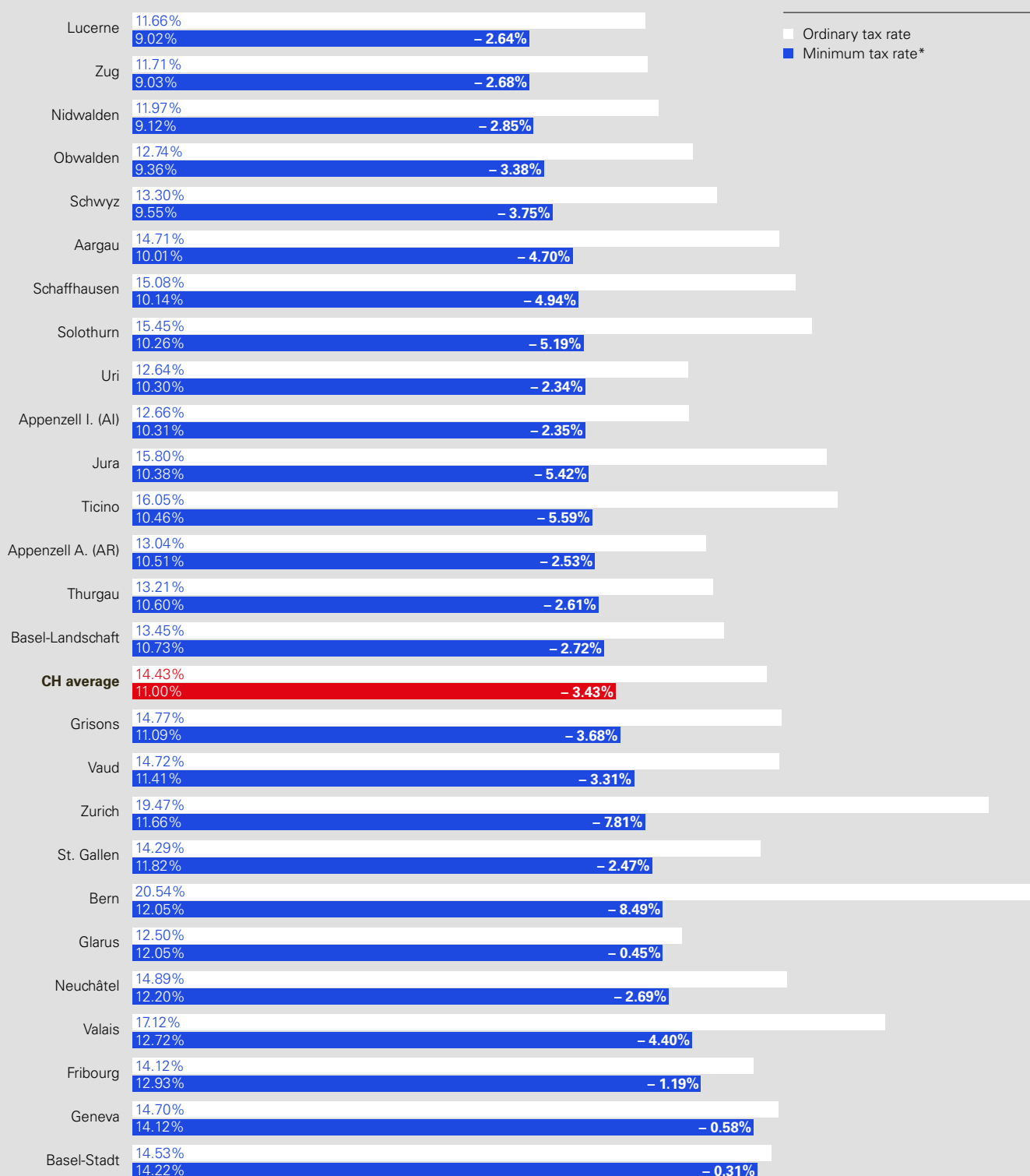
While the average tax rate fell noticeably from 2019 to 2020 as a result of the TRAF tax reform, the reduction in subsequent years was only minimal, if at all. From 2025 to 2026, the average tax rate remained virtually unchanged.



Minimum tax rate

A look at the minimum tax rates (maximum relief provided by TRAF instruments or transitional provisions) reveals convergence between the cantons, partly because high-tax cantons in particular are allowing more extensive relief

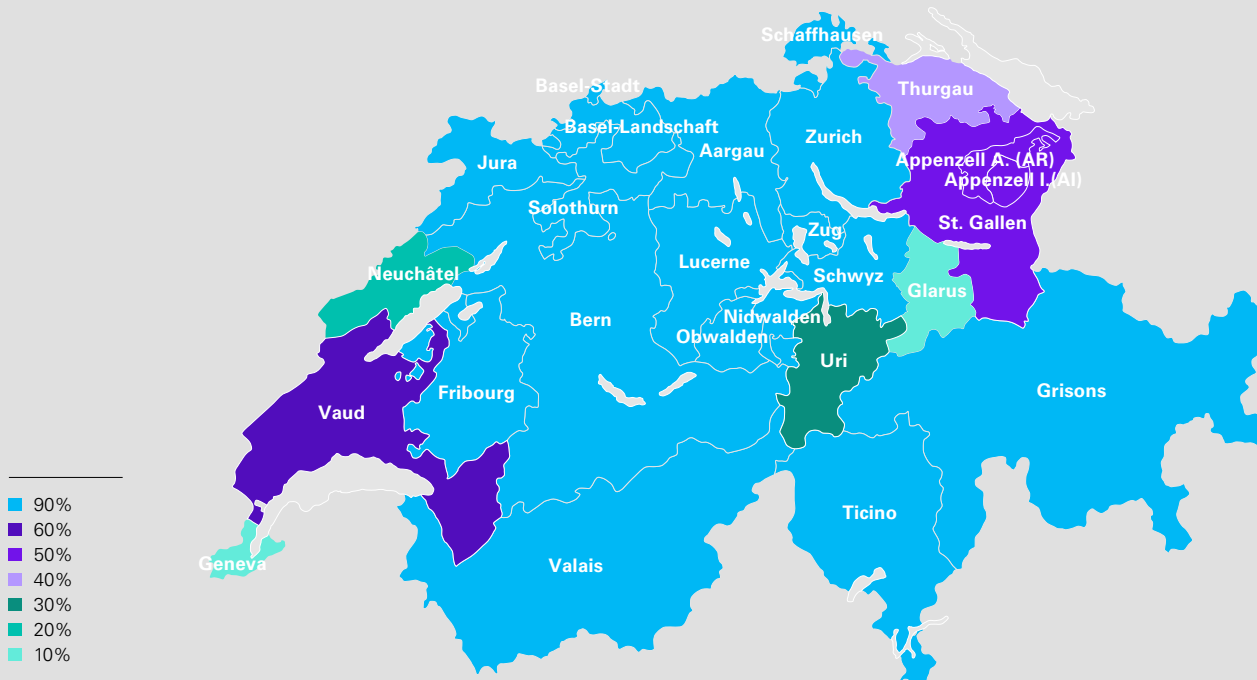
through the new instruments, while low-tax cantons often tend to restrict deductions. Basel-Stadt has raised its minimum tax rate (due to a stricter cap on tax relief, now set at just 5%). The average minimum tax rate in Switzerland is 11% in 2026.



* If the options offered by the measures are exhausted with due regard to the relief limit

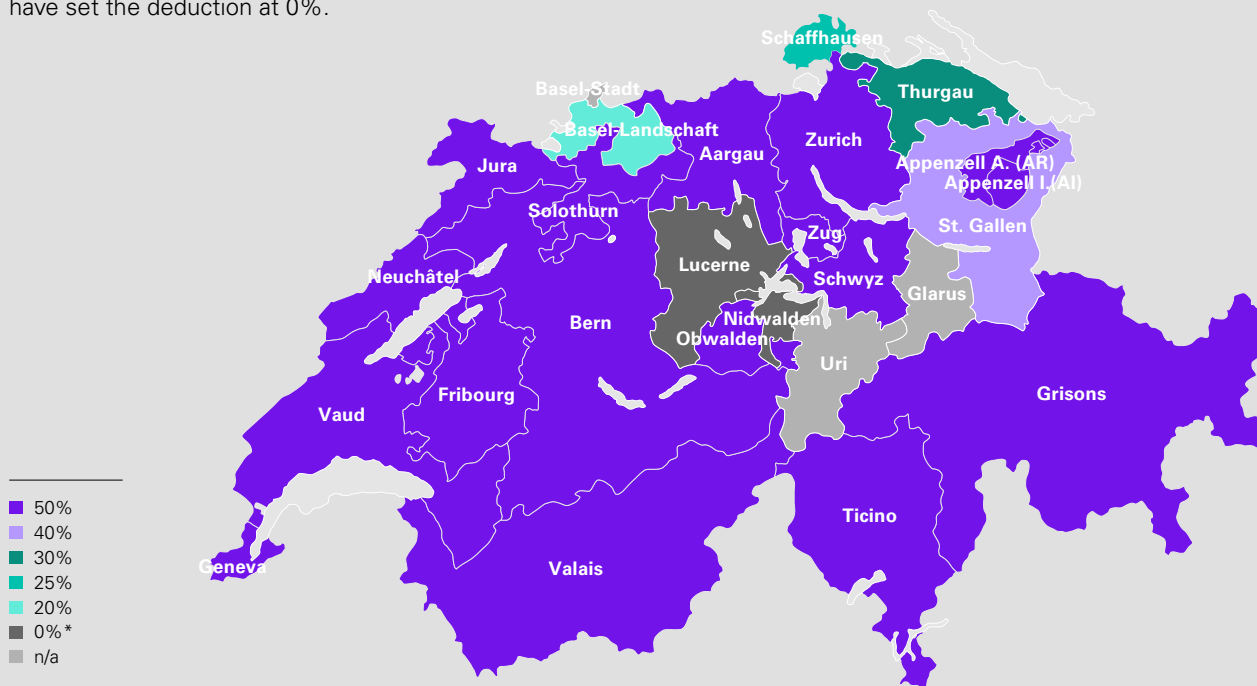
Patent box relief

While most cantons provide for the maximum possible relief of 90%, a few cantons are significantly below this, in particular Geneva, Glarus, Neuchâtel and Uri.



Additional R&D deduction

Apart from the cantons of Uri, Glarus and Basel-Stadt, all cantons have introduced the additional R&D deduction—with most applying the maximum of 50%. The cantons of Lucerne and Nidwalden have set the deduction at 0%.



* Rate amount to be determined by the government council, currently 0%

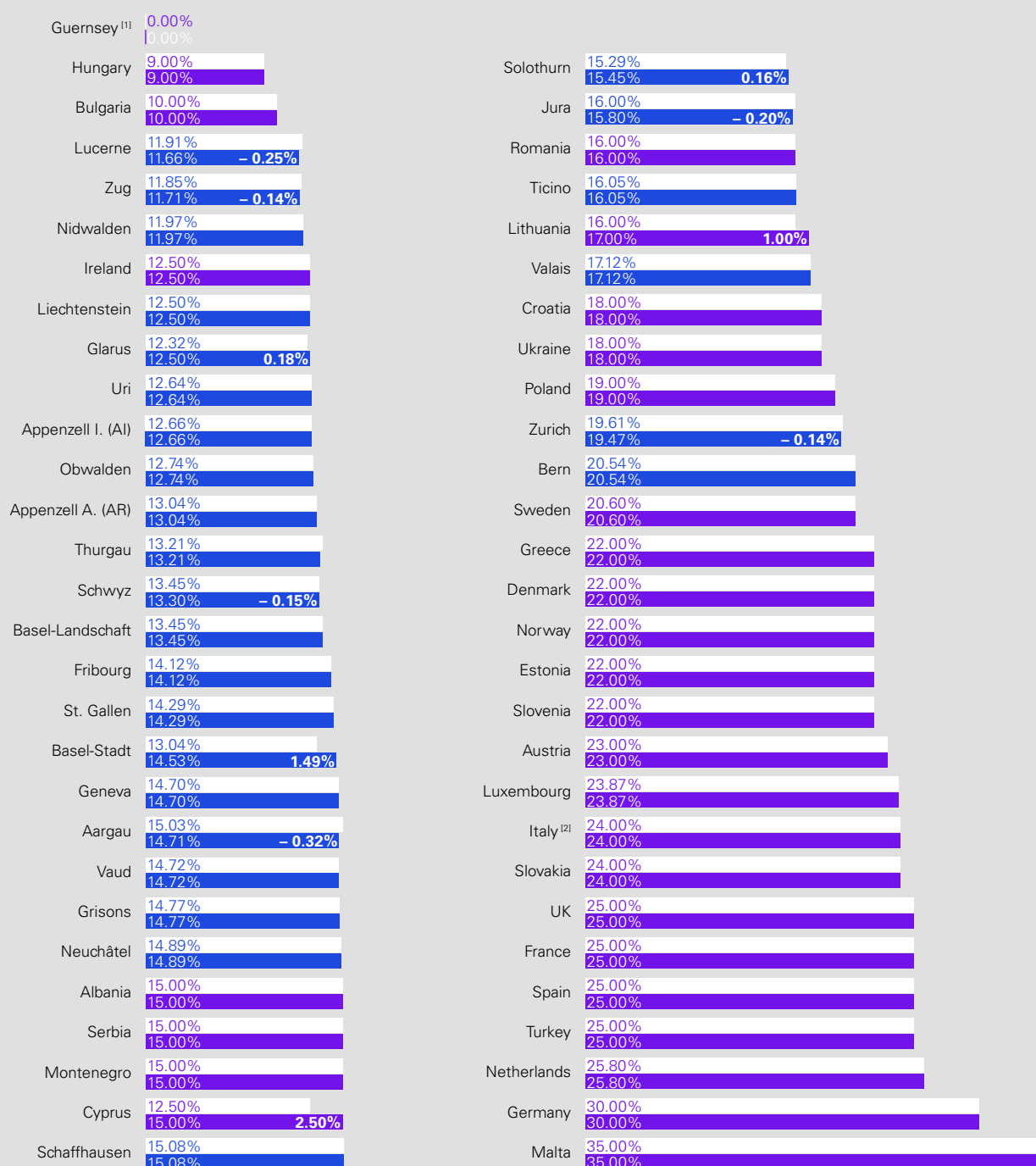
Comparison between cantons and the countries of Europe

A comparison across Europe reveals a shift in the particularly low corporate tax rates: Cyprus has raised its rate by 2.5 percentage points to 15%. Lithuania increased its ordinary corporate tax rate, as it did last year, by one percentage point to 17%, placing it in the European middle range.

The cantons of Central Switzerland maintain their attractive position in the tax competition landscape. Since 2020, Basel-Stadt, Geneva and Vaud have also been among the most tax-friendly locations.

Even lower ordinary corporate tax rates are found only in the Channel Islands and in certain Southern and Eastern European countries. Within Europe, Ireland remains Switzerland's most significant competitor in 2026.

Coming in last in terms of the attractiveness of ordinary corporate tax rates are various Northern, Western and Southern European countries.



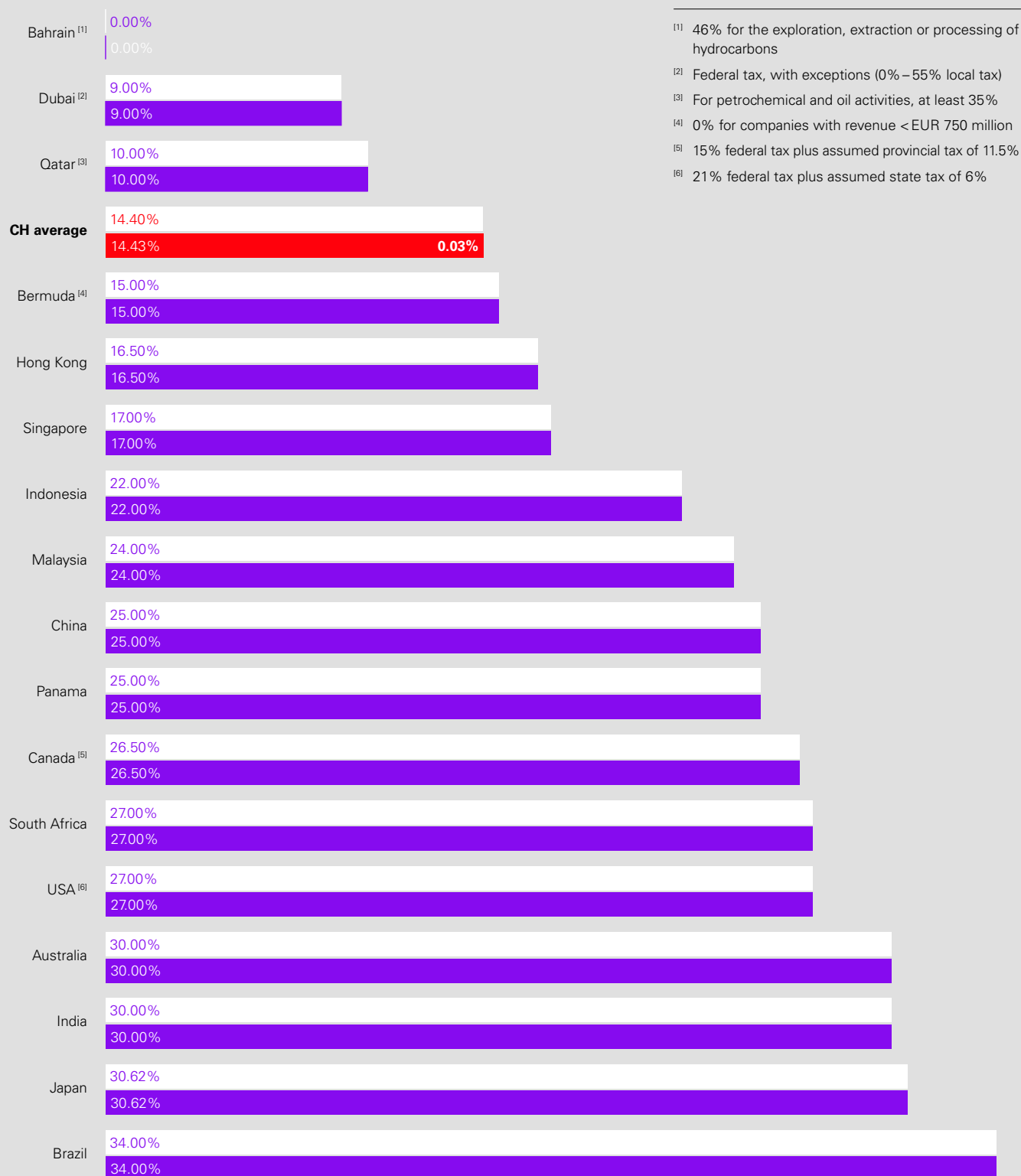
■ 2025
■ 2026 Swiss cantons
■ 2026 European countries

¹¹⁾ With exceptions (0% – 20%)

¹²⁾ Only the IRES rate (24%). There is a separate IRAP: the standard rate is 3.9%; regional authorities may increase or decrease the standard rate by up to 0.92%.

Non-European comparison Selected countries

In an international comparison beyond Europe, Switzerland retains a strong position in the upper third, ahead of Hong Kong and Singapore.



^[1] 46% for the exploration, extraction or processing of hydrocarbons

^[2] Federal tax, with exceptions (0%–55% local tax)

^[3] For petrochemical and oil activities, at least 35%

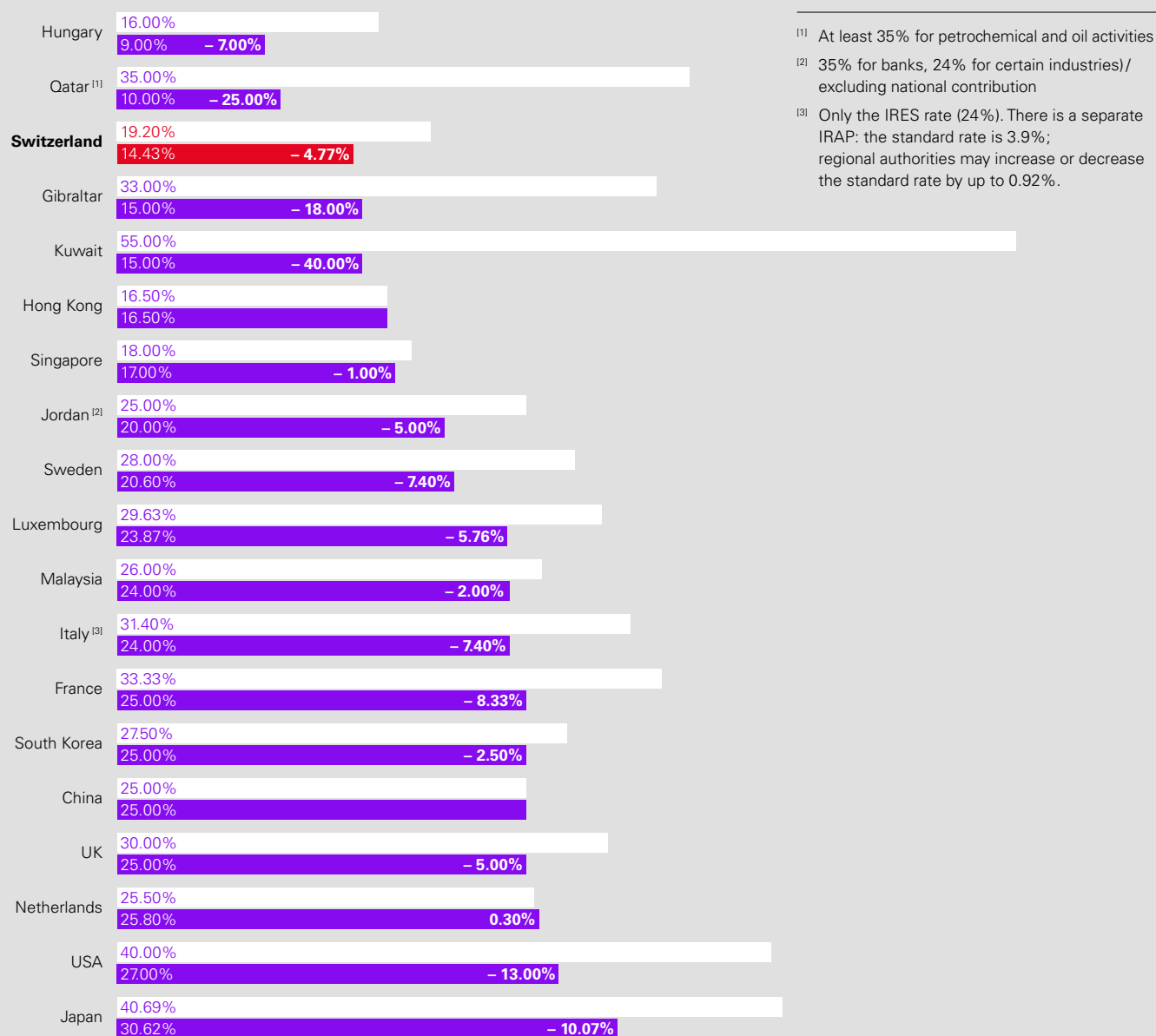
^[4] 0% for companies with revenue < EUR 750 million

^[5] 15% federal tax plus assumed provincial tax of 11.5%

^[6] 21% federal tax plus assumed state tax of 6%

Trend countries 2008 – 2026

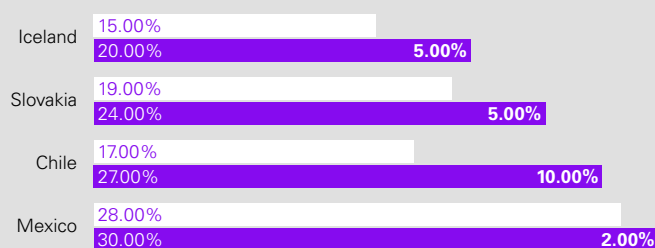
In recent years, corporate income tax rates have fallen sharply in many countries. The Middle East, the US, Gibraltar and Japan in particular have seen more extensive cuts of over 10 percentage points.



^[1] At least 35% for petrochemical and oil activities

^[2] 35% for banks, 24% for certain industries)/ excluding national contribution

^[3] Only the IRES rate (24%). There is a separate IRAP: the standard rate is 3.9%; regional authorities may increase or decrease the standard rate by up to 0.92%.



Only a few countries have actually increased their corporate income tax rates since 2008.

Individual taxation

Average tax rates for individuals in Switzerland have changed by around 0.1 percentage points on average compared with previous years. With a tax rate of 21.9%, Zug has the most attractive income tax rate among cantonal capitals in 2026. The cities of Geneva and Basel continue to have the highest tax rates.

The cantons of Central Switzerland remain competitive in a European comparison, offering the lowest tax rates in the whole of Western Europe. As in previous years, the highest tax rates in Europe can be found in Scandinavia in 2026. In contrast, many Eastern European countries continue to have very low tax rates.

In a global comparison, the traditional tax havens retain their leading position in terms of attractive tax rates. The income tax rates for natural persons in Switzerland and abroad are generally stable.

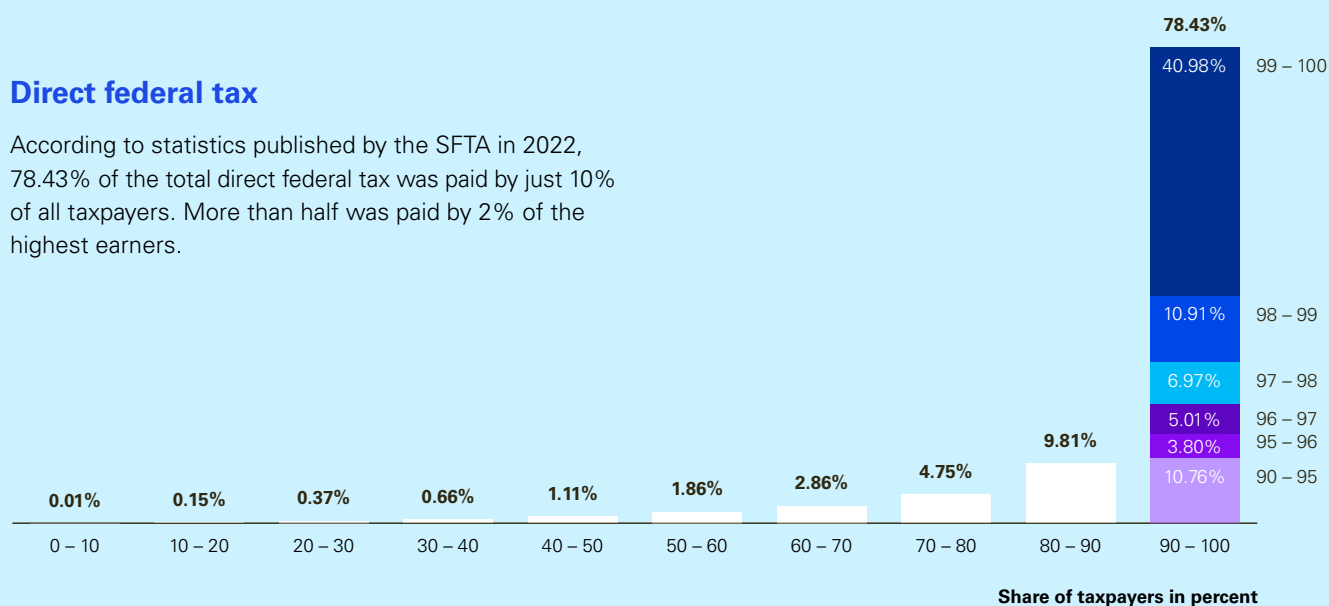


Income tax rates in the cantons

Switzerland remains an attractive business location for private individuals. Individual tax rates have changed only minimally compared with previous years and are stable with an average maximum tax rate of around 33.45%. Switzerland can defend its midfield position compared to other European and non-European countries.

Direct federal tax

According to statistics published by the SFTA in 2022, 78.43% of the total direct federal tax was paid by just 10% of all taxpayers. More than half was paid by 2% of the highest earners.

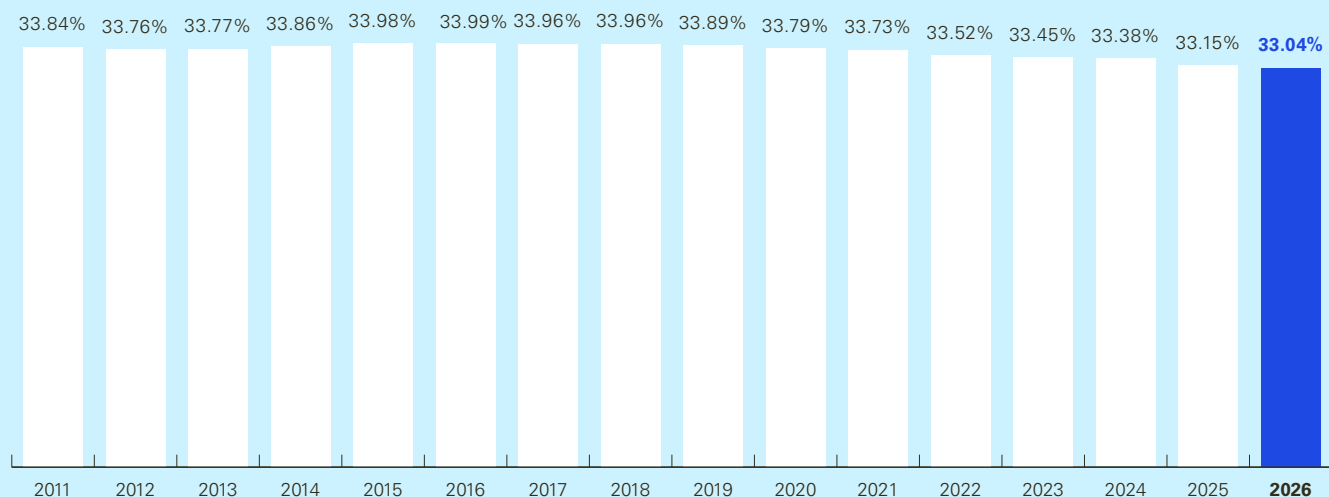


Source: estv.admin.ch

Income tax rates in the cantons

Trend from 2011 to 2026

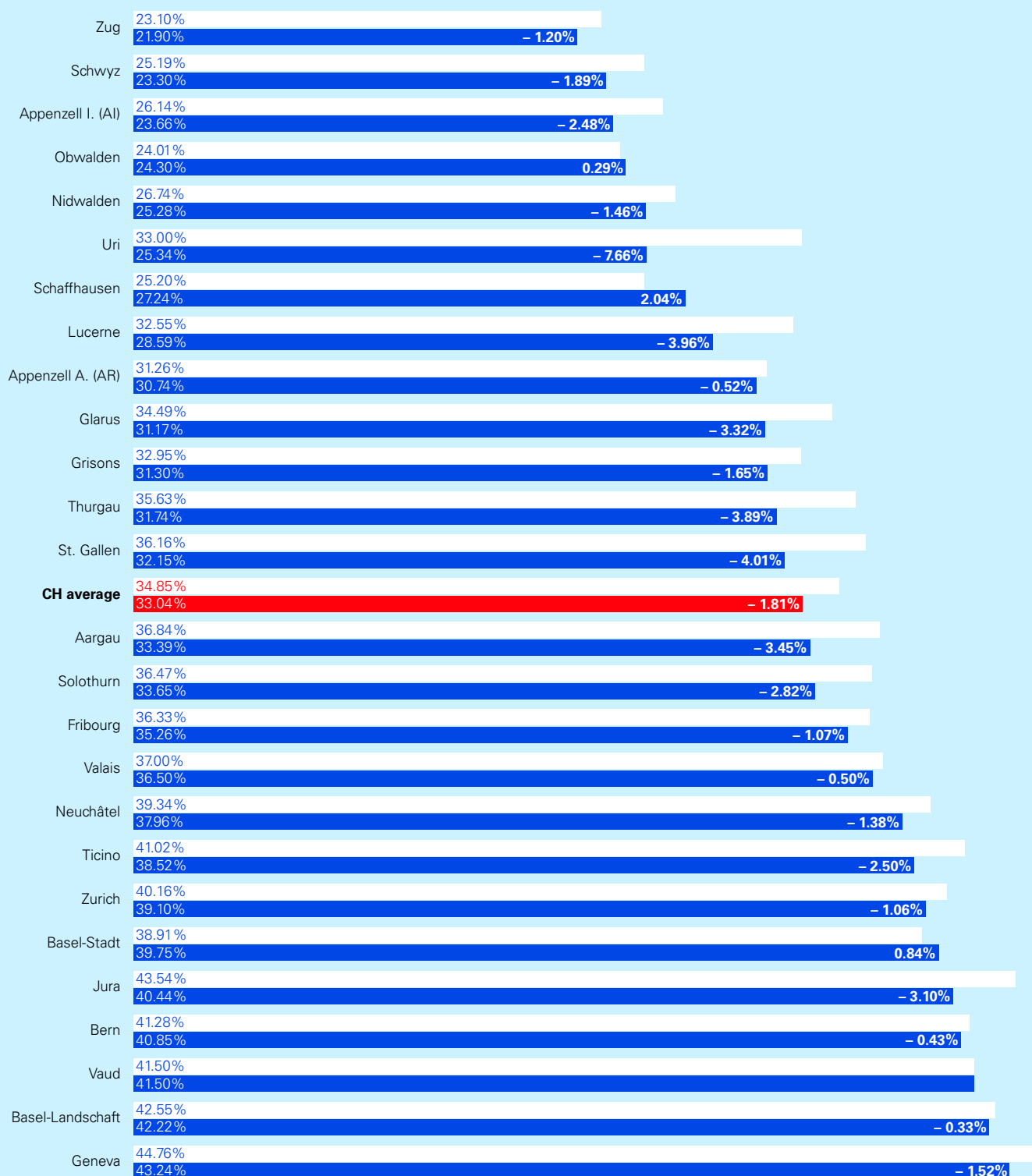
Over the past 15 years, the cantons have generally lowered the marginal tax rates for individuals in Switzerland by 0.8 percentage points. This downward trend appears set to continue in 2026.



Income tax rates in the cantons*

Trend from 2007 to 2026

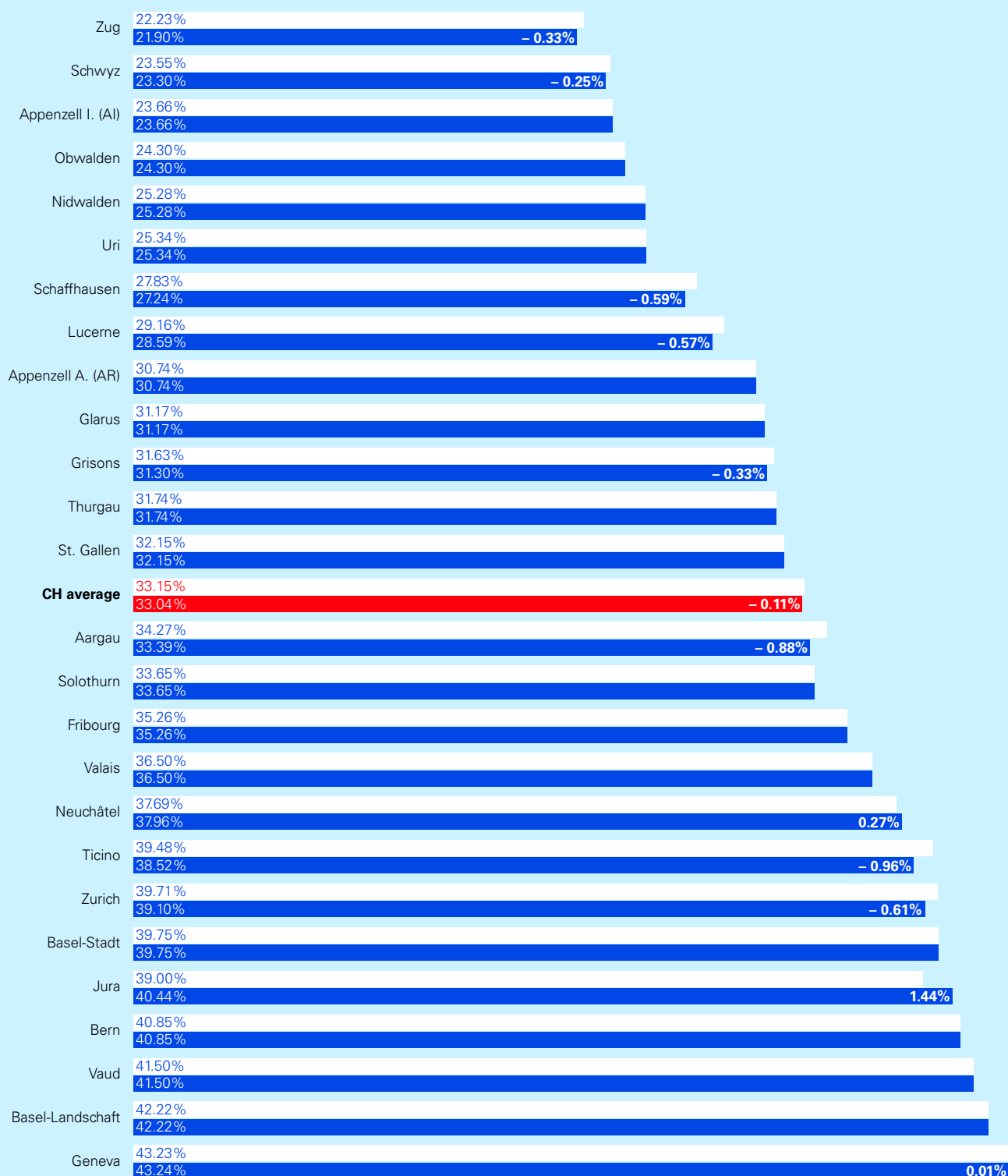
Over the past 20 years, the cantons have generally lowered the marginal tax rates for individuals in Switzerland by 1.8%. This downward trend appears set to continue in 2026.



Income tax rates in the cantons* 2025 and 2026

Tax rates for 2026 have fallen slightly in some cantons and risen slightly in others. However, the overall average for all cantons has fallen by a small margin. The cantons of Western

Switzerland – above all Geneva – remain the frontrunners. Low tax rates are mainly found in the cantons of Zug, Appenzell Innerrhoden, Obwalden and Schwyz.



Comparison between cantons and the countries of Europe

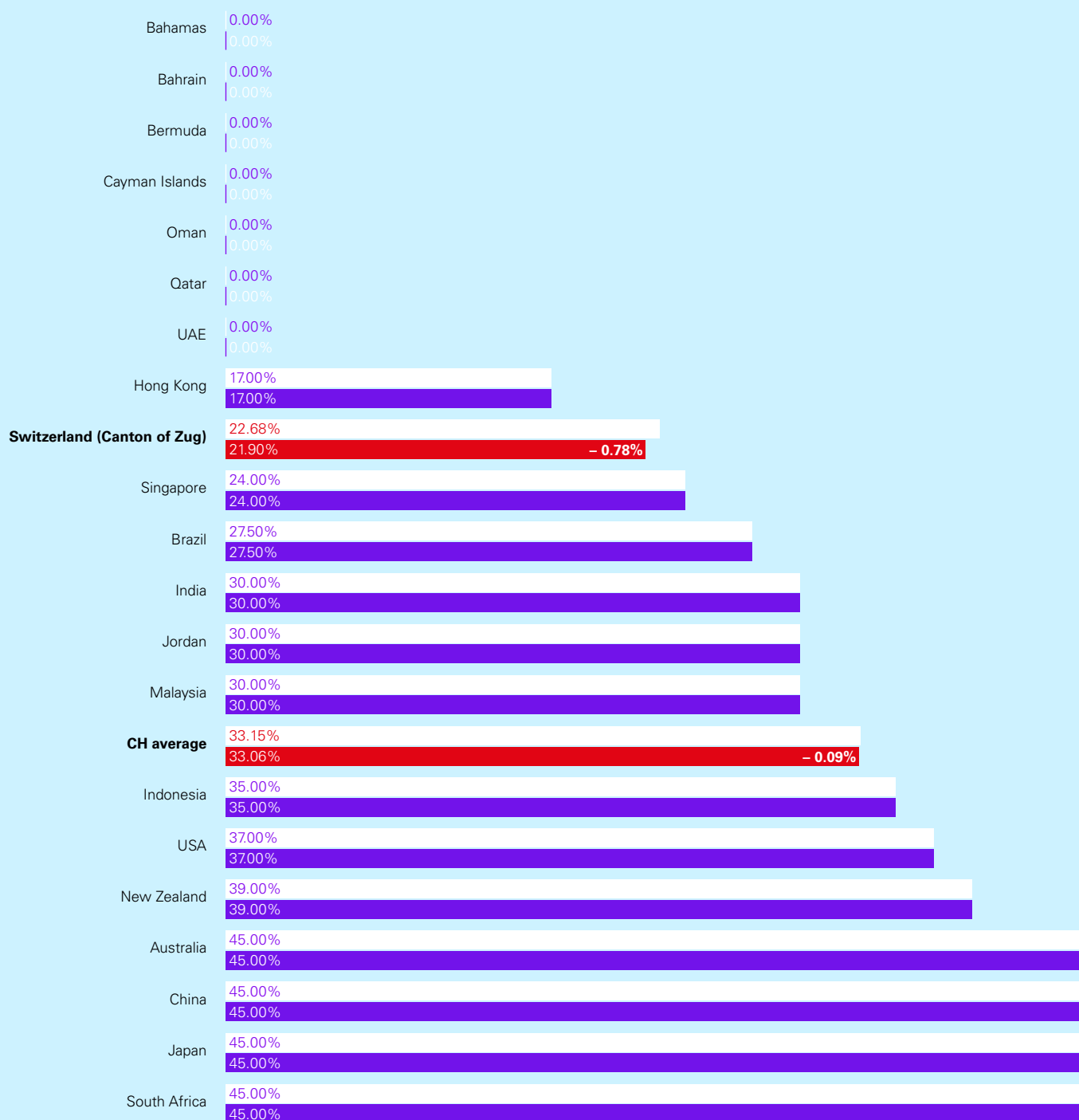
The cantons of Central Switzerland are certainly competitive in a European comparison and can hold their own against low-tax strongholds such as Jersey and the Isle of Man. In 2026, the Scandinavian countries once again lead the European field.



Comparison with non-European countries

Selected countries

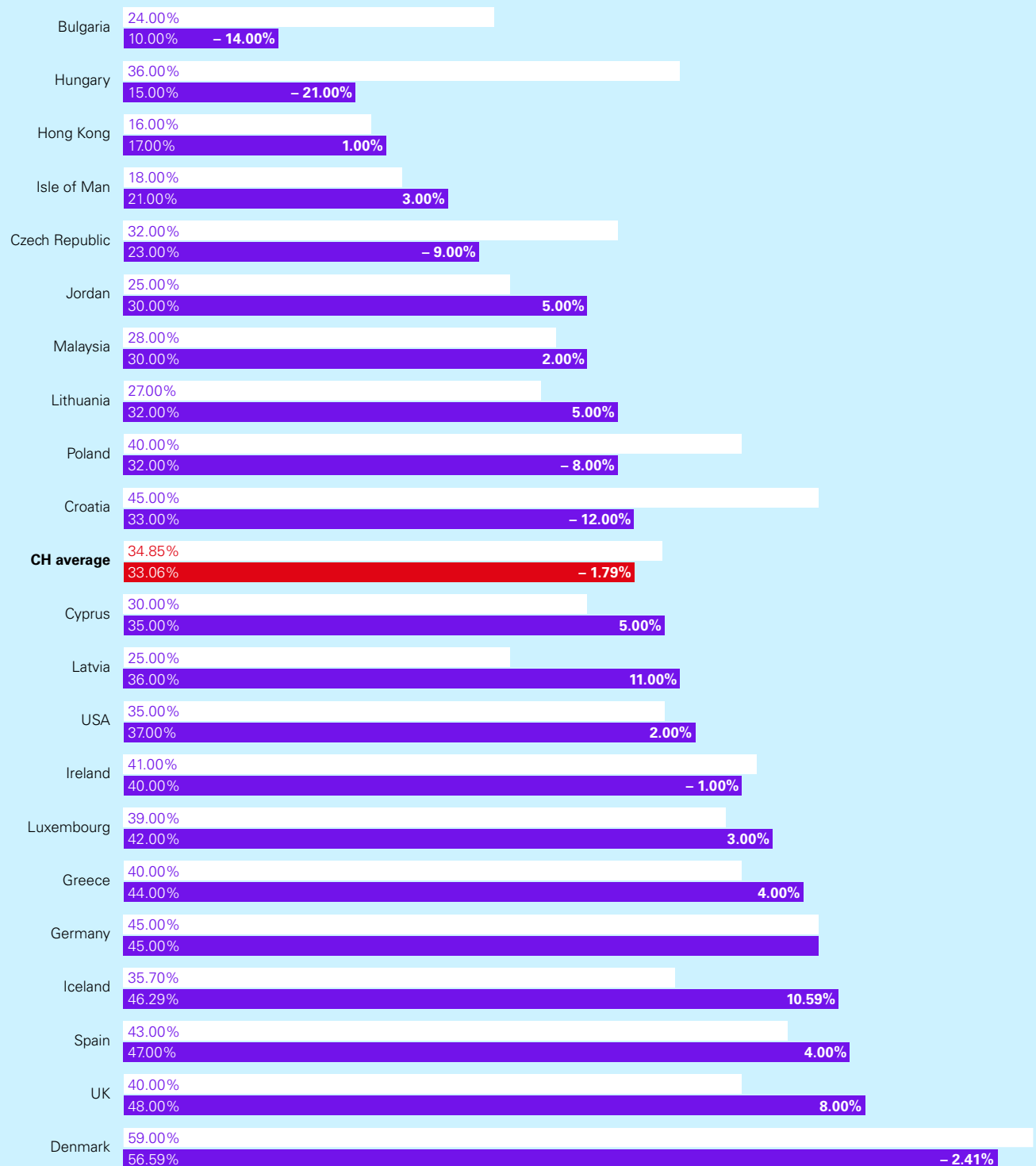
The traditional tax havens retain their clear lead in terms of the attractiveness of tax rates. Compared with non-European countries, Switzerland on average retains its midfield position. A comparison of the low-tax cantons of Central Switzerland with non-European countries puts the former on a par with Singapore.



Trend

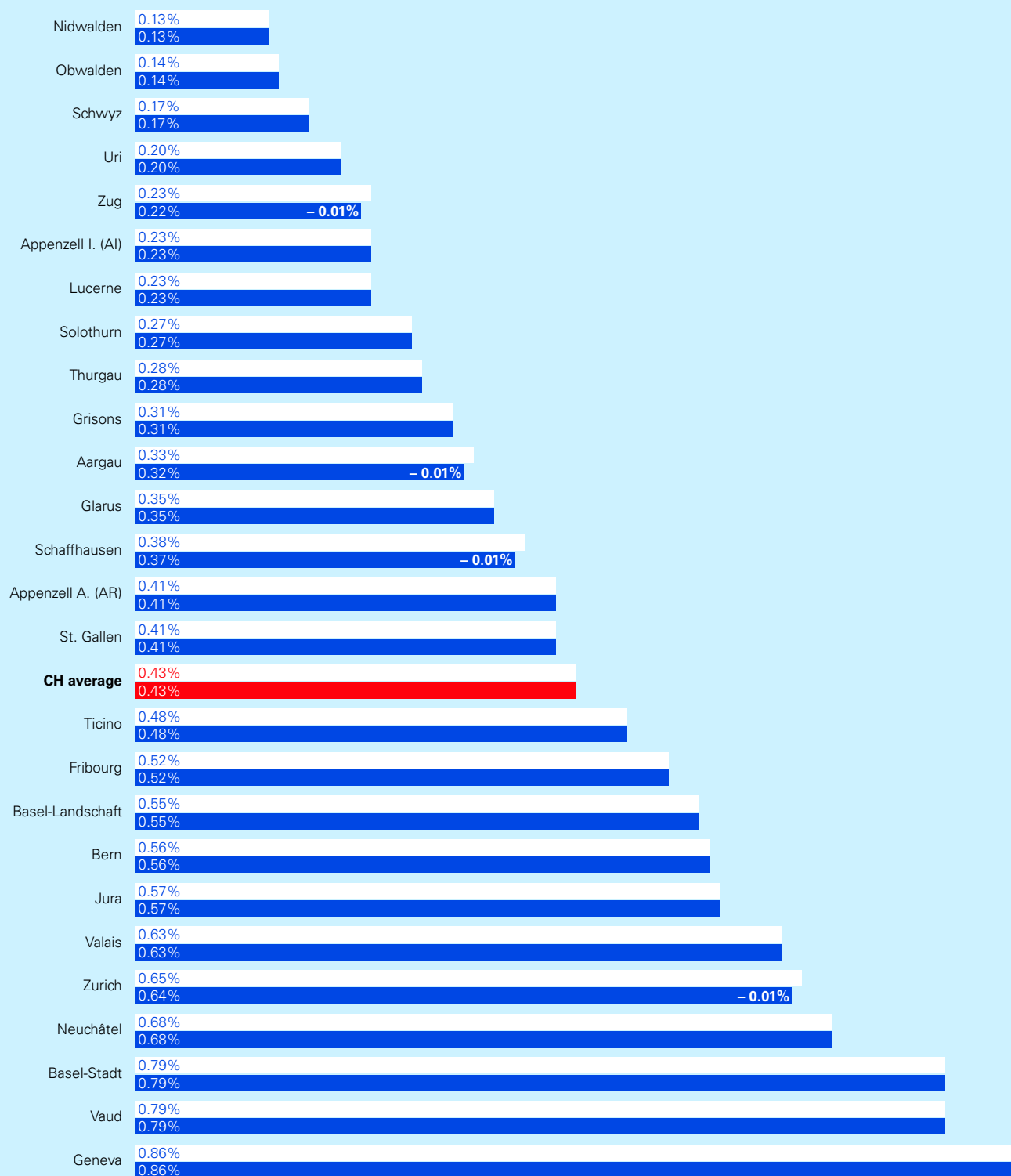
Countries 2007 – 2026

In the last decade, many Eastern European countries have slashed their tax rates by introducing flat rates, while the Baltic states and some Northern European countries have tended to increase their rates.



Wealth tax rates in the cantons* 2025 and 2026

Wealth tax rates in Switzerland remain stable. The cantons of Central Switzerland continue to have very low wealth tax rates.



Glossary

| | |
|----------------|----------------------------------------------------------------|
| BEPS | Base Erosion and Profit Shifting |
| CbCR | Country-by-Country Reporting |
| EU | European Union |
| GIR | GloBE Information Return |
| GloBE | Global Anti-Base Erosion Rules |
| G20 | Group of Twenty |
| IIR | Income Inclusion Rule |
| OECD | Organisation for Economic Co-operation and Development* |
| QDMTT | Qualified Domestic Minimum Top-up Tax |
| QRTC | Qualified Refundable Tax Credit |
| QTI | Qualified Tax Incentives |
| R&D | Research and Development |
| SESH | Simplified ETR Safe Harbour |
| TRAF | Federal Act on Tax Reform and AHV Financing |
| USA | United States of America |
| UTPR | Undertaxed Profits Rule |

* Source: Cambridge Dictionary

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