Partial revision of Zug’s tax regulation: sixth revision package

The government is submitting a partial revision of the Canton of Zug’s tax regulation to the cantonal council, owing to the fact that the privileged tax status for holding, domicile and mixed companies must be repealed. The core component of the proposal shall be the Federal Act on Tax Reform and AHV Financing (TRAF). This is a revenue neutral taxation restructuring. Natural persons will not be affected by the restructuring. The future corporate income tax rate is to equal around 12 percent. With this package, the Canton of Zug will continue to remain an attractive location for companies.

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Various adjustments to the tax regulation on a federal level have forced the cantons to amend their tax legislation. The most extensive changes are in connection with the Federal Act on Tax Reform and AHV Financing (TRAF), which, in turn, is the result of an adjustment of Swiss legislation to international standards. A future-oriented corporate tax law reform has become necessary to ensure that Switzerland remains competitive in international trade.

Zug continues to remain attractive for companies and private individuals

The Head of the Department of Finance, Heinz Tännler, emphasizes: «Even after the TRAF-implementation, the Canton of Zug will continue to offer its companies and population attractive tax conditions, both by national and international standards.» The TRAF will not lead to any tax burden being redistributed from companies to the population, e.g. to private individuals’ tax invoices. In the future all companies will continue to pay at least the NFA costs (financial equalization and task distribution between the federal government and the cantons) as caused by them and, furthermore, a reasonable contribution to the expenses of Zug’s infrastructure and public services.

Capital gains and losses in balance

In financial terms the partial revision will not lead to any significant capital gains or losses for the Canton of Zug in overall terms. Whereas certain amendments will lead to additional revenues, other areas will be subject to revenue shortfalls. On balance they will practically offset each other. The corporate tax law reform with the financial consequences of the financial equalization NFA and the cantonal share of direct federal taxes will be implemented in an almost revenue neutral way. «Clarifications by the federal government on the dynamic effects of the TRAF give rise to positive expectations for the federal government and the Canton of Zug», explains Zug’s Head of the Department of Finance.

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