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MEDIA RELEASE

Zug cantonal government demands quick solution

The Swiss electorate's rejection of the CTR III changes nothing for Zug-based companies in the short term. Zug remains an attractive residential and business location. It is indisputable, however, that Swiss corporate tax law needs to be amended. Therefore, in the interest of the entire nation, the cantonal government calls upon the Federal Council and the Parliament to develop a new solution quickly.

The rejection of the Corporate Tax Reform III (CTR III) changes nothing for Zug-based companies and their employees in the short term. The current Swiss and Zug corporate tax legislation remains in force unchanged until a new law is passed. Zug thus remains an attractive residential and business location on a national and international level. The Swiss system of corporate taxation, however, does not comply with international standards and expectations and must therefore be reformed within a reasonable period. Companies could otherwise incur disadvantages in the medium and long term.

Attractive corporate tax legislation necessary

Corporate tax law that is attractive and accepted on an international level is important for Switzerland as a whole and especially for Zug, an internationally oriented business location. The CTR III would have ensured the Swiss system of taxation is accepted by the international community. The rejection of the reform means this challenge still remains; carrying on as before is not an option. However, the new solution needs political and social acceptance and Swiss electorate support.

Federal Council and Parliament are called upon

The Federal Council and the Parliament now need to draw up a new package of measures swiftly to reform corporate tax legislation. "The new package of legislative proposals must be in line with international taxation standards and preserve or enhance the attractiveness of Switzerland as a business location," explains Heinz Tännler, head of the Finance Department. "The new solution should retain the strengths of the rejected package, undisputed during the campaign, in particular the room for maneuver for the cantons and the financial compensation payments by the federal government to the cantons." It is also necessary to take into account the

concerns which led to the rejection. These were predominantly fiscal, in view of the stressed financial situation of the federation, the cantons and the municipalities.

Willingness to compromise needed by all parties

The cantonal government honors the Federal Council's and Parliament's responsibility for Switzerland's prosperity. We now need practical policies and not politicking for party ends. The opponents who rejected the CTR III proposal are also called upon to endorse a forward-looking reform of the tax system and constructive solutions in the interest of the entire population. These will help secure and increase jobs and trainee positions in Switzerland. "In the long term, only a strong business location can generate the tax revenues necessary for excellent government infrastructure and public services," emphasizes Heinz Tännler, head of the Finance Department. A new solution must quickly be drawn up with measured judgement to prepare the ground for a balanced cantonal implementation.

Further information

Heinz Tännler, Finance Department Head

Tel. 041 728 36 01